

IS GREEN THE
NEW BLACK?
SUSTAINABLE
LUXURY :
CHALLENGE
OR STRATEGIC
OPPORTUNITY
FOR THE
LUXURY
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SUSTAINABLE LUXURY: CHALLENGE OR STRATEGIC OPPORTUNITY
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2 ABSTRACT

We are living in a world surrounded by the effects of climate change. A world exposed to the anxiety of future population and economic growth impacts such as decreasing resources and biodiversity. With a population of nine billion people by 2050, business as usual will not be an option. Sustainability has become more than a buzz-word. It has turned into a global mindset. Already in 2007, the WWF report *Deeper Luxury* confirmed that environmental consciousness is rising amidst consumers and is no longer the preoccupation of a minority. In 2013, a report from GfK showed that an increasing interest in sustainability is equally reaching emerging markets. Luxury consumers expect excellence and would be scandalised if a luxury product wasn't "green". However, whereas most people believe that luxury is a guarantee for quality, most do not believe that it is a guarantee for sustainability. Especially the younger generation is increasingly socially conscious and suspicious at the same time. Despite a large interest in ethical engagement, the luxury consumer is lacking of information due to an absence of transparency from luxury brands on sustainability.

An estimated 60% of luxury brands are still hesitant and passive in regards to sustainable management integration. The motivations of the remaining brands have been classified in four distinct areas:

Sustainability through conviction: These brands are characterised through the convictions of their founders aiming to educate and create value for all parties.

Sustainability as a business model: Social and environmental commitment are an integral part of the DNA of these brands ensuring transparency and traceability through an integrated ethical management.

Sustainability by nature: These brands did neither have a specific sustainable conviction nor do they communicate about it but sustainability is in fact part of their normal manufacturing process.

Sustainability as risk management: Not adhering to social and sustainable standards is becoming a threat to the brand image, reputation and capital. Stakeholder's interest is at the core of these businesses.

Outside of the luxury sector, reputation management has become one of the top three reasons for executives to integrate sustainability into their operations. As the luxury industry is on the frontline of criticism for a lacking sustainable management, not so much for its objective impact but more for its symbolic power, and as its impeccable reputation is essential to keep high profit margins, luxury

has a crucial interest in adhering to corporate responsibility. The sector needs to move out of its comfortable waiting position and prove excellence equally in sustainability.

Although both sectors seem to contradict each-other at first, they share values such as excellence, transmission, quality, heritage and craftsmanship. Eight drivers have been identified that ensure the success of future luxury:

- Learning each-others language
- Safeguarding reputation
- Creativity and innovation
- Active engagement
- Stakeholder pressure
- The new generation
- The sustainable dream
- Sustainability as a selling tool

If luxury does not want to miss the opportunity to lead in sustainable excellence it has to act now.

An integrated sustainable management is the future of any business because it makes economic sense, it is demanded by people and the planet and it protects reputation.

3 INTRODUCTION

In 2013, the global luxury spending reached 217 billion EUR¹. This trend seems to persist in 2014 with an average 4-6% growth in the first quarter. Despite an economic weakness in Europe, crisis in Russia and fluctuating exchange rates around the world, luxury's forthcoming economic growth looks positive². At the same time, businesses and society are confronted daily with resource scarcity, population growth, climate change as well as environmental and social issues. With its continuous international development, its globalisation and massification resulting in production and supply chain delocalisation into emerging markets, luxury can no longer turn the back to these global concerns.

The selected following figures of the luxury industry demonstrate that the sector is not undisturbed by sustainable matters:

- 95% of gold is untraceable.
- 700l of water are needed to tan a skin.
- 5.400 – 19.000l of water are needed to produce 1kg of cotton.
- 115 million people are surviving from artisanal small-scale mining.
- Counterfeiting represents 5-10% of the world's economy³.

Despite a growing universal awareness for sustainability, the luxury industry remains hesitant and silent in this respect. It is however carefully watched and targeted by Non-profit organisations (NGO) and criticised by the public due to its prominent exposure and wasteful image. Although luxury stands for excellence, exceptional quality, craftsmanship, beauty and heritage, it does not show engagement in sustainable management until today. The sector needs to be careful not to lose its impeccable image, not to stay behind and miss the unique opportunity in proving its excellence equally in its approach to sustainability.

¹ D'Arpizio, Claudia. Luxury Goods Worldwide Market Study Fall 2013. In: Website of Bain & Company [online] Published on 28 October 2013. Available from: <http://www.bain.com/publications/articles/luxury-goods-worldwide-market-study-fall-2013.aspx> (Accessed on 24 July 2014)

² D'Arpizio, Claudia. Luxury Goods Worldwide Market Study Spring 2014. In: Website of Bain & Company [online] Published on 19 March 2014. Available from: <http://www.bain.com/publications/articles/luxury-goods-worldwide-market-study-spring-2014.aspx> (Accessed on 10 August 2014)

³ OECD. *Website of OECD* [online]. OECD Environmental outlook to 2050: The Consequences of Inaction. Published in March 2012. Available from: <http://www.oecd.org/environment/indicators-modelling-outlooks/49846090.pdf> (Accessed on 2 August 2014)

This report will show the sustainable consciousness in today's society and reveal luxury consumer insights on sustainability aspects. It will identify the motivations of brands that are ethically engaged and will analyse the match between luxury and sustainability. By opposing the values of both sectors it will uncover similarities, shared convictions and also conflicting principles. Taking the 2050 outlook into consideration, it will finally propose answers and solutions for a future of sustainable luxury. Although I'm conscious of the international importance of the subject, especially in regards to luxury's growing markets, the analysis is mainly based on insights from the western world.

4 METHODOLOGY

This document has been realised with a methodology based on four main areas: First, various literature sources have been consulted, either from the luxury industry or a combination of sustainability and luxury. This review also included several web sources such as blogs, online articles and company websites.

In order to get an overview of customer feedback on the sustainability development in society, I have compared and analysed a variety of surveys which have been conducted in numerous countries and different cultures around the world. Certain aspects of cultural disparities and similarities have been included in the document. Specifically two reports have brought valuable information explicitly on sustainable luxury: "Responsible luxury - A report on the new opportunities for business to make a difference" by Jonathan Kendall and "What do clients think of the sustainable future of luxury?", a survey realised by Jean- Noel Kapferer in France.

In addition to these different surveys, I have chosen to conduct a quantitative as well as qualitative electronic questionnaire on the perception of sustainability in the luxury sector. A total of 160 answers were gathered which represents a very satisfying group of mostly luxury aficionados. Although I hoped to receive answers from different nationalities and with add a global perspective to the analysis, the respondents were mainly from Europe. Still, I was able to extract interesting facts depending on age or spending.

Through a phone interview, Mr Christopher Cordy, founder of the Sustainable Luxury Forum in Lausanne shared with me his experiences and gave his insights on the motivations of sustainability within the luxury field, the future of sustainable luxury and its main drivers.

As a result of these four information sources I classified luxury brands in four different categories depending on their engagement in sustainability and identified their motivations. In a final step, I have then analysed the outcome seeking to identify if sustainability is a challenge or an opportunity for the luxury sector and what the possible solutions are for a harmonious combination and whether it is attractive for the customer. By opposing the values of both areas I was able to find common denominators as well as differences which will have to be overcome if sustainability wants to successfully establish itself within luxury.

5 CONSUMER INSIGHTS

5.1 Sustainability in society

Although sustainability is an increasingly significant topic for most businesses, governments and societies, I believe it is essential to first understand its value from the customer's perspective. Has there been an evolution over time? Are there differences between different cultures? Most importantly, what does the luxury consumer think about sustainability within the luxury industry? For the past 15 years, consumer surveys on sustainability have seen a tremendous increase. According to a study from Ifop, in 2002, only one-third of French consumers were aware of the meaning of sustainability against 91% in 2009⁴. In the UK, ethical spending went up from GBP 9.6 million in 1999 to GBP 54.4 million in 2012⁵.

In a report from Nielsen in 2013, 50% of the respondents stated that they would be willing to pay more for goods and services of companies that give back to society. This number represents an increase of 5% towards 2011. Although no significant difference was observed between genders, the report shows a difference in the age groups. The younger generations (25–39 years old) were traditionally more willing to give back than others, a result which again increased slightly in 2013. The interesting change was noted in responses from people above 40; between 2011 and 2013,

⁴ LOCHARD, Cécile, MURAT, Alexandre. La nouvelle alliance : Luxe et développement durable. Paris: Editions Eyrolles, 2011. P. 94

⁵ ETHICAL MARKET CONSUMER REPORT 2013. In: *Ethical Consumer* [online]. Available from http://www.ethicalconsumer.org/portals/0/downloads/ethical_consumer_markets_report_2013.pdf (Accessed on 29 May 2014) P 3

there was an increase of more than 10%. Approximately 50% of the 40–44 year olds said that they were willing to pay more to socially responsible companies against 39% in 2011⁶.

Another interesting outcome was noted in terms of geographical variance. In general, all 58 participating countries showed an increase in sensitivity to sustainable companies. The average in the European countries counted 38% of respondents willing to pay more to socially responsible companies. The top five countries had rates between 64% and 75%, and counted India, Philippines, Thailand, Indonesia and Egypt. Naturally, this finding triggers the following question: why is there such a big contrast between emerging and developed countries? Is cynicism or disappointment pervasive in Europe?⁷ Are emerging countries more involved because of the direct and higher impacts that sustainably managed companies have on their society? Do they feel the repercussions of unsocial or unsustainable operations on their daily lives because they are employed by such companies? It is necessary to note that within this survey, the intentions of sustainable consumers were measured. There can be a significant difference between intention and action, so it would be interesting to quantify the reality at the moment of truth, meaning the actual purchase. Who is really paying more and buying from socially responsible companies?

First, the report mentions that few consumers have an insight in the social involvement of companies at the buying stage. Up to “43% of respondents globally agreed that they spent more on products and services from companies that have implemented programs to give back to society (only fewer than 7% said they would be willing)”. Again, the younger generation has demonstrated a higher commitment than the older one. The same tendency can be identified for the top three countries, which are again from Asia-Pacific, namely, Thailand (66%), Philippines (64%) and Indonesia (56%)⁸.

A report from GfK in 2013 shows the increasing interest in sustainability of emerging markets, namely, Brazilian and Chinese consumers. This report specifically states that according to Brazilian

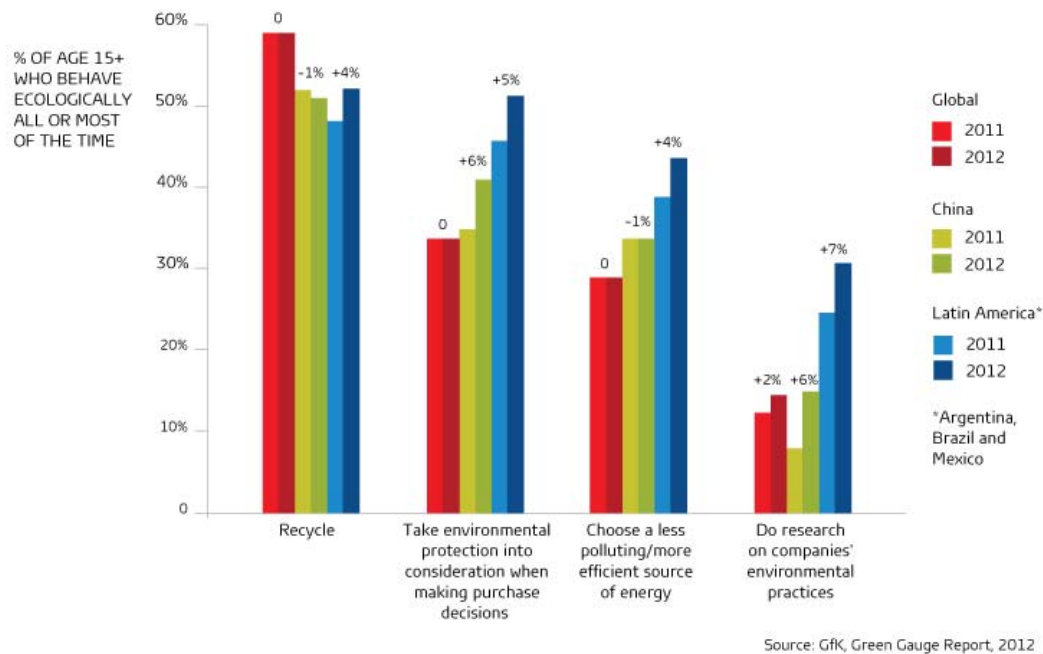
⁶ NIELSEN. The global, socially-conscious consumer. In: Nielsen [online] Available from <http://www.fi.nielsen.com/site/documents/NielsenGlobalSocialResponsibilityReportMarch2012.pdf> Published in March 2012 (Accessed on 13 March 2014). P. 4

⁷ NIELSEN. The global, socially-conscious consumer. In: *Nielsen* [online] Available from <http://www.fi.nielsen.com/site/documents/NielsenGlobalSocialResponsibilityReportMarch2012.pdf> Published in March 2012 (Accessed on 13 March 2014) P. 6

⁸ NIELSEN. The global, socially-conscious consumer. In: *Nielsen* [online] Available from <http://www.fi.nielsen.com/site/documents/NielsenGlobalSocialResponsibilityReportMarch2012.pdf> Published in March 2012 (Accessed on 13 March 2014) P. 8

consumers, being environmentally responsible should be the most important obligation of businesses, before providing good jobs and producing quality products⁹.

FIG. 1: CHINESE AND LATIN-AMERICAN ECO BEHAVIOR IN A GLOBAL COMPARISON



Overall, this finding shows a positive trend in global consumer interest in socially responsible companies. However, such surveys rely on the honesty of the respondents. Who would like to admit that one does not care about social responsibility? Hence, it is important to treat the outcome of these reports with caution. Compared with other reports, surveys, industry observations and the literature, I intend to identify an overall trend and relevant consumer behaviour.

Looking directly at the luxury industry and the luxury customer, the WWF UK report *Deeper Luxury* highlights that environmental consciousness of consumers is on the rise. This issue is no longer a concern of a globally insignificant minority but has become the mindset of a large group of people in Western markets. In addition to quality, today's consumers expect social and environmental performance being an integral part of the product or service they buy. In Europe and according to

⁹ KENYON, Timothy. 50 shades of green – emerging markets go eco. In: *gfk.com* [online] Available from: <http://www.gfk.com/magazine/talk/hitting-the-target-innovating-for-rising-target-groups/50-shades-of-green-emerging-markets-go-eco>. (Accessed on 6 June 2014)

Ledbury Research quoted in the report, “The wealthy are increasingly concerned about environmental issues.” The US also shows a substantial increase in awareness in ecological issues. In the Asian market, with Hong Kong being the leader in this geographical area in this respect, sustainable behaviour is infiltrating people’s awareness. In fact, the customer proportion of recycled luxury furniture company OSISU has changed from 10% Asian and 90% Western to an equal 50:50.¹⁰ The Luxury Institute’s *Wealth* reveals that 57% of rich Americans would be willing to pay more for a product if the brand is engaged in social and environmental responsibility.¹¹

In their book *La nouvelle alliance: Luxe et développement durable*, Lochard and Murat highlight several testimonials from industry leaders regarding their clients’ social engagement:

Karine Laffargue de Pachan, CEO of By K: Her ultra-high-net worth clients tend to prefer vacations for insiders on artistic, social and environmental issues.

Stéphane Truchi, president at Ifop and of Club Luxe: “The luxury consumer is more and more sensitive about sustainability”.

Jean-Jacques Picart, luxury and fashion consultant: “The luxury client aspires to a more dematerialised luxury. (...) focus on luxury values such as ethics, humanism and ecology.”¹²

All these testimonials indicate a trend that sustainability is growing in importance and is becoming a concern for the luxury consumer. To support this statement, I am consolidating the six main results of a survey that was accomplished in 2012 by HEC Paris and initiated by Jean-Noel Kapferer within the French market. The survey specifically focused on the alliance of luxury and sustainability.

1. French do not care about sustainability – n’est-ce pas?

Approximately 33% of luxury consumers said they do not care about sustainability when buying a luxury product. However, just as many (36%) expressed an interest in sustainability during the buying process.

2. Green expectations

Approximately 69% of the interviewees declared that “Because of its price, it would be a scandal if luxury did not respect sustainable development criteria.”

¹⁰ BENDELL, Jem, KLEANTHOUS, Anthony. *Deeper Luxury*. WWF-UK, http://www.wwf.org.uk/deeperluxury/_downloads/DeeperluxuryReport.pdf, 2007, P. 14

¹¹ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 95

¹² LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 98-100

3. Latecomers

Approximately 52% of this national sample of luxury clients believed that the luxury sector was late in terms of sustainable development (just 13 % thought it was not).

4. A happy couple?

While 34% believed that there is a fit between luxury and sustainability, 33% claimed that there is a structural contradiction between both concepts.

5. Opposite values

Approximately 44% of the interviewees believed that luxury is synonymous to waste, which is the opposite of sustainability that is associated with consumption control and austerity.

6. The gap

Approximately 41 % of the respondents believed that luxury reveals inequalities within the society¹³.

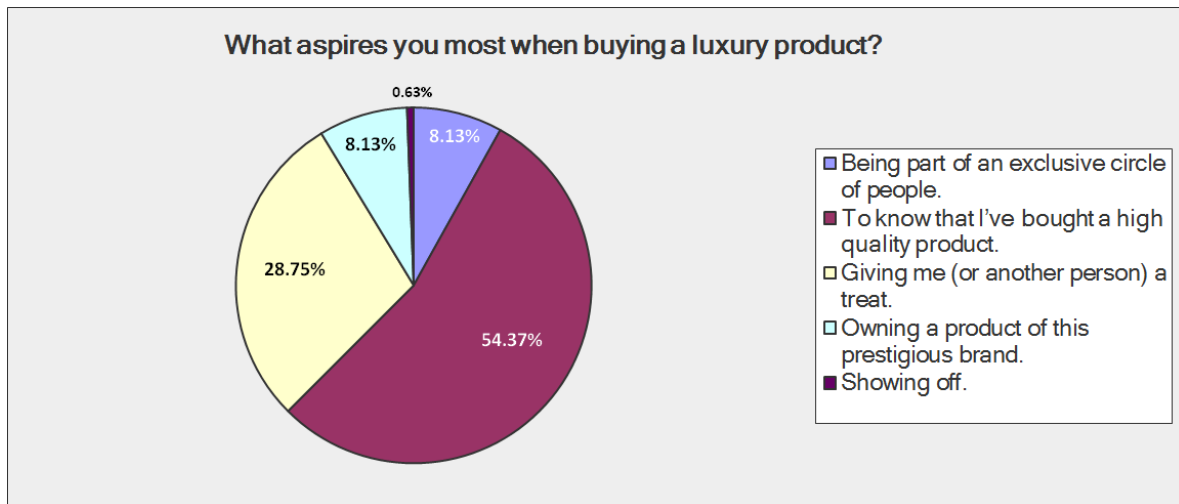
These six points give a good indication as to how the alliance of luxury and sustainability is perceived by the public. What does this mean for the luxury industry? How should they react to these results? We will answer these questions in the following chapters.

5.2 Luxury consumer survey

In April 2014, I conducted an online survey among 160 respondents, out of whom 140 declared that they were sensitive to luxury and 149 bought a luxury product in the past 12 months. Hence, one can assume that mainly luxury customers have been interviewed. However, although aimed at an international audience and people living in different parts of the world, the majority of the samples were Europeans. The main highlights of the survey are the following:

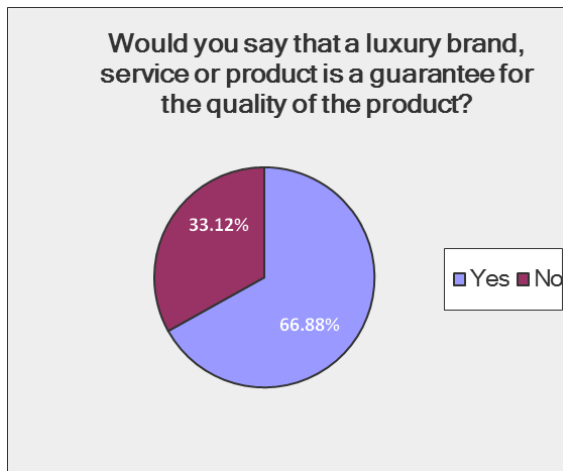
Approximately 54% of the respondents declared that buying a high-quality product is their main aspiration when buying a luxury good or service. The proposed answers were certainly not extensive but the question clearly showed a definite preference to quality over aspirational or status aspects. This rationale is most likely explained by the majority of European samples being more knowledgeable and mature luxury customers than those in emerging markets.

¹³ KAFPERER, Jean-Noel. What do clients think of the sustainable future of luxury? Paris. In: *The Luxury Strategy* [online]. Published in 2012. Available from <http://www.theluxurystrategy.com/site/wp-content/uploads/2012/05/What-do-clients-think-of-the-sustainable-future-of-luxury.pdf> (Accessed on 10 July 2014)

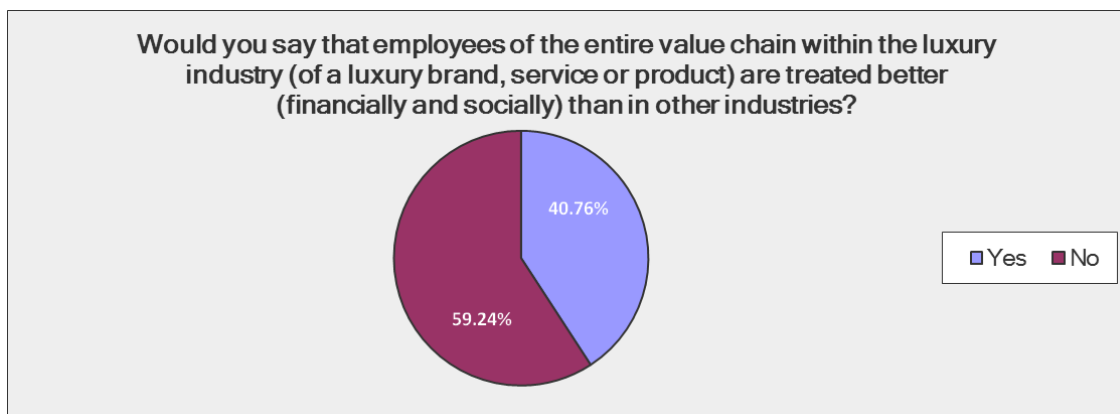


“For me luxury is related to top quality. I rather buy less but luxury and of excellent quality. So I guess this behavior rather supports sustainability. Also the products last much longer, so no need to buy always new., (...) So buying luxury can be very sustainable.” Quote from a survey respondent.

While majority of the consumers (67%) believe that a luxury brand, service or product is a guarantee for the quality of the product, they are very sceptical and pessimistic on whether it is also a guarantee for sustainable production (72% stated that luxury is not a guarantee for sustainable production). Thus, for the consumer, quality does not equal sustainability. Among the respondents, those aged under 29 were least convinced that luxury is a guarantee for quality. Only 42% answered with ‘yes’. The respondents aged over 65 years were the only ones who responded that luxury is a guarantee for sustainable production (67%). They were also more convinced than the other age groups that luxury goods are produced in a more sustainable way than in other industries. People who spent the least per year were the ones who responded with the most negative answers: 72% out of the sample spending less than EUR 5,000 on luxury goods per year believed that luxury goods are not produced in a more sustainable way than in other industries. We noted in the Kapferer research that people would be scandalised if the luxury product did not reflect sustainable development. In this survey, the consumers clearly manifested their distrust of luxury labels when it comes to sustainability.



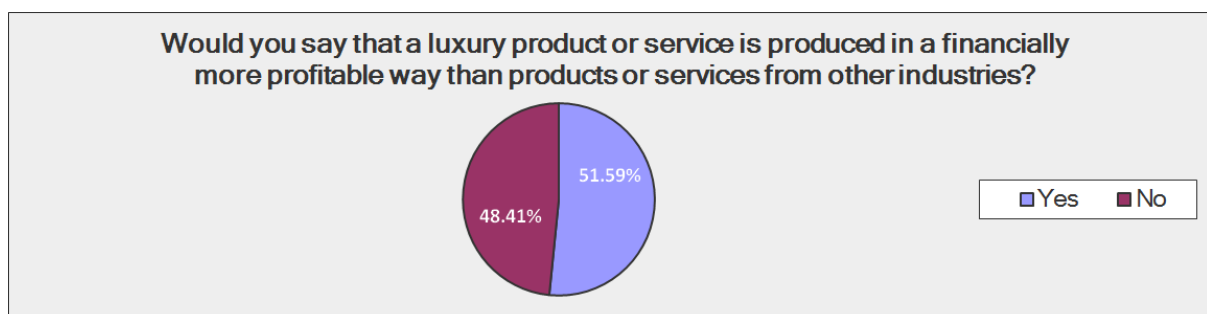
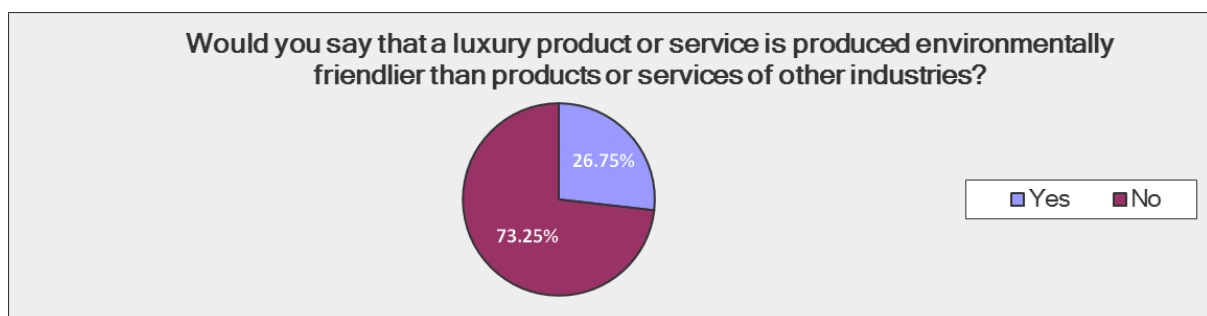
When asked if the social pillar of sustainability is being positively integrated in the luxury industry, 59% did not believe that people are treated in a better way in the luxury sector than in other industries. Women were the most sceptical in this respect: only 27% believed that people are treated better in the luxury industry. With a rate of 76%, the 50–59 year olds were the ones who responded with the most positive answers. Overall, there is a trend that the more one spends, the higher the positive feedback regarding people in the luxury industry. Although only 18% of the people spending less than EUR 5,000 EUR per year on luxury goods believed that people in this industry are treated better than in others, 67% of the big spenders (more than EUR 30,000 EUR p.a.) responded with yes.



Overall, 73% believed that a luxury product or service is not produced in an environmentally friendlier way than in other industries. Again, the ones spending less than EUR 5,000 p.a. had the less positive answers (only 8%), whereas the 50–59 year olds recorded 57% positive answers. This

repetitive scepticism of the small-amount spenders may coincide with a common believe (and myth) that luxury equals waste and superficiality. We will discuss this in greater depth in the next chapter. This finding clearly shows that being a luxury brand is not enough to convince the consumers that the company follows sustainable development. This belief might be a result of the many scandals discovered in the past years: from the Nike sweat shops to the tragic events in Bangladesh's fashion factories. In addition, it is underlined by the fact that some luxury or premium brands have relocated their production to Asia¹⁴, such as Burberry or Coach.

When looking at the financial side of luxury, there is nearly a 50:50 response on whether the product or service is produced in a more profitable way.



These results show that on one hand, people do not trust luxury brands and their commitment to social and environmental questions. On the other hand, they believe that the profit generated through luxury brands is higher than in other industries. In the Kapferer survey, the researcher mentioned that if people pay a fair amount of money for a luxury product, they at least expect it to

¹⁴ WEBER, Caroline. The devil sells Prada. In: *The New York Times* [online]. Published on 26 August 2007 Available from: <http://www.nytimes.com/2007/08/26/books/review/Weber-t.html> (Accessed on 3 April 2014)

be “green”¹⁵. By comparison, based on my own survey, it seems that expectations do not match the actual beliefs of the consumers.

“I believe that sustainability should be a big part of why luxury goods are so expensive and I believe that some of them are already. However, and that's why "No" was my most common answer in the previous serious of question, this is not the case with a lot of luxury goods.” Quote from a survey respondent.

The next set of questions was aimed towards the influence of sustainability in the buying process. Up to 48% of the respondents claimed that sustainability of the production process influences their buying behaviour during a luxury purchase, whereas 52% admitted that it did not. It is the 50–59 year olds who are influenced the most with 67%. The survey also shows that the attraction of a luxury product or service is stronger than sustainable development: 58% said that they would buy a luxury product even if they knew that it was not produced in a sustainable way. This result is not a considerable majority but luxury’s common aspirations clearly outweigh the sustainable aspect. Sustainability will need to find a way to become as attractive as other luxury values if the goal is to change this trend.

“Personally, I feel that in the luxury segment or ultra-luxury segment, sustainability becomes secondary to not important.” Quote from a survey respondent.

However, interest in sustainability still exists. Up to 59% stated that they would prefer to buy a sustainable luxury good over an equal good from their favourite luxury brand. This number does not include the 12% who said that their favourite luxury brand is already sustainable. Then again, people spending the most on luxury are the ones who clearly prefer their brand over sustainability (58% prefer their brand).

“Buying a luxury product for me is a one off. So its sustainability is not such an important consideration as I am not buying luxury products/services routinely. If I was then I would consider sustainability more as the impact would be greater.” Quote from a survey respondent.

¹⁵ KAFPERER, Jean-Noel. What do clients think of the sustainable future of luxury? Paris. In: *The Luxury Strategy* [online]. Published in 2012. Available from <http://www.theluxurystrategy.com/site/wp-content/uploads/2012/05/What-do-clients-think-of-the-sustainable-future-of-luxury.pdf> (Accessed on 10 July 2014) P. 1

The quote above is very interesting. If one is not a regular luxury buyer, the sustainability aspect becomes less important. Luxury is seen as a unique treat, a long-desired dream come true. Consequently, these other aspects become more important than sustainability. Obviously, the impact on the environment and the society of one item every now and then is less important than a regular purchase. But what if sustainability was an integral part of the luxury product? What if its sustainability was even one of the purchase reasons? The quote also contradicts the responses from the regular luxury buyers because they cared the least about sustainability.

It seems that for the moment, customers are lacking information on the sustainability aspects of their luxury purchases. A total of 47% commented that they did not know if their last purchase was sustainable. Nearly 80% would like to be more informed about sustainability during the luxury buying process and 53% believed that sustainability is definitely important in luxury. Another 34% also thought that sustainability is important but overrated.

As a conclusion of this survey, eight findings can be summarised:

1. Luxury equals quality

It is reassuring and disquieting at the same time that 67% believed that luxury is a guarantee for quality. It is reassuring because two-third represents a large majority of people who are convinced that a luxury product is a 'good' product. It is disquieting because if it is not of quality, what would be the definition and future of luxury? A beautiful exterior? A logo? A symbol to the outside world to show that you are someone noteworthy? Would luxury just be average? Did these 33% lose faith in luxury?

2. Luxury does not equal sustainability

Approximately 72% believed that luxury is not a guarantee for sustainability. This result is an anticipated but still interesting answer that needs further analysis. Are luxury brands not sustainable or is there lack of transparency and communication?

3. Preference of sustainability over brand power

Overall, 59% of the respondents would prefer a sustainable luxury good over their preferred brand. Is sustainability really stronger than a brand?

4. Transparency and information

Approximately 47% did not know if their latest luxury purchase was sustainable or not. Up to 68% thought that luxury needs an independent label to prove its sustainability. A total of

80% would like to receive more information about sustainability when buying a luxury product. Again, there seems to be lack of transparency from a brand's perspective and a consumer's desire to know more and obtain deeper knowledge about their spending. Finally, 90% declared that they were sensitive when it comes to sustainability. Certainly, this last statement can hardly be seen as a sustainable revolution. Who would like to be seen as "un-green"? Would it be synonymous with unsocial? Therefore, is there a social pressure on one's commitment to sustainability? If the answer is yes, then sustainability has its chance of becoming desirable in the customer's eye. Even in luxury.

5. Baby boomers

Out of all age groups, the baby boomers (aged 50–59) were the less anticipated and went against mainstream results. They were the only ones (with 76%) who believed that people are treated in a better way in the luxury industry than in other industries. They were the only ones who believed that luxury products are produced in an environmental friendlier way than others (with 57%). They were also influenced most by sustainable aspects during the purchase: 67% said that they were very much or barely influenced by the sustainability of the product or service. Finally, they were more sensitive about sustainability than all the younger generations.

6. Young sceptics

Respondents under the age of 29 declared by 58% that luxury is not a guarantee for quality. Nevertheless, they were also the ones who wanted to be informed most by sustainability when buying a luxury product or service with 95%. There is definitely a desire and interest for information, but they cannot be fooled. Hence, be careful with any greenwashing initiatives!

7. Convince the big spenders

Approximately 58% of people spending over EUR 30,000 p.a. on luxury goods or services were the only ones who declared that they preferred their favourite brand regardless of its sustainability over an equal luxury sustainable product or service. A total of 58% is not a big majority but obviously, their opinion weighs heavily in relation to their yearly consumption. They are likely to be opinion leaders, so they are the ones who need to be convinced the most regarding the positive factor of sustainability in luxury. This mission is challenging as they are the ones who want to be least informed about sustainability at the same time (only 50% said they would like to get more information). They are loyal luxury customers and

certainly represent one of the biggest challenges for sustainability within the luxury segment.

8. A promising start

A very clear statement is the answer to the fit between luxury and sustainability: 87% believed that there is a fit. Despite the critics, the scepticism and controversial comments, this finding represents a good foundation and a promising start of the success of sustainable luxury and my further analysis.

“I really like the idea of bringing luxury and sustainability together as sustainability is an important issue to me! Furthermore I would say if the ones who can afford a luxury product won't think about sustainability who will...as sustainability has its price.”

“It would be great to unit luxury and sustainability.”

Quotes from survey respondents.

6 CLASSIFICATION & MOTIVATIONS OF LUXURY BRANDS

In this chapter, I have chosen to classify luxury brands into four distinctive areas. I have also demonstrated their means of communicating their involvement in social responsibility, ultimately identifying their respective motivations. Research showed that several brands are aggressively communicating their participation in sustainability, whereas others are contributing to this cause in silence. However, communication does not serve as a measure for the level of sustainable integration into a brand's business. In the interview in July 2014, Christopher Cordy estimated that 65% of luxury brands are still in a defensive phase when it comes to sustainability. The lack of stakeholder pressure, internal competences, understanding and interest are the top reasons why most luxury brands are still holding back on an active engagement. The fear of the unknown is keeping them from making the first steps which can be compared to the beginnings of Social Media platforms and the position of luxury brands to the digital world. He further believes that 30% are in the compliance phase which especially concerns publically listed brands that are exposed to a high pressure from the financial community. The remaining 5% are in the managerial phase where top

management – often CEO's of a younger generation – are personally engaged and convinced of an integrated sustainable management¹⁶.

6.1 Activist brands

Activist brands are globally known luxury brands with deep connection and strong belief in sustainability. Sustainability is an integral part of their business model and dictates the mission of the brand. With their global strategy, including celebrity involvements and media presence, these brands are actively promoting their cause. They are characterised by the strong involvement and personal conviction of their founders.

- **Katharine Hamnett**

Katharine Hamnett may be considered as the incarnation of Greenpeace in a single person. The British national has been active in social, political and environmental causes since the 1980s. For example, she opened for example the British Fashion week in 1984¹⁷ and her provocative political T-shirt campaigns, i.e. “No more fashion victims”, are well recognised and copied worldwide. It is actually rather difficult to find information regarding her fashion line on her website because it is filled with political campaigns, calls to action, discussion forums and testimonials.

Katharine Hamnett is more than a representative of (her own) sustainable fashion; she is also a rebel and a political activist. She is certainly speaking up for sustainability and equity in the world, and hence, also supporting nearly as a side effect the cause of sustainable luxury.

- **Edun**

Edun, an ethics-oriented and edgy fashion brand, was founded by Bono and his wife Ali Hewson in 2005 to promote trade in Africa. The brand has a long-term vision to build sustainable growth within the African continent, including facilitating manufacturers, the infrastructure and the communities¹⁸. After Edun was faced with considerable losses in the beginning, the founders had to expand their sourcing horizon by delocalising parts of the production itself and the supply chain outside of Africa. The founders realised that focusing solely on the sustainable aspects of the brand would not

¹⁶ CORDY, Christopher. Interview on 18 July 2014.

¹⁷ THE GUARDIAN. *Website of The Guardian* [online]. Fashion Archive: Katherine Hamnett launches British Fashion Week. Published on 21 March 2014. Available from: <http://www.theguardian.com/theguardian/2014/mar/21/katharine-hamnett-british-fashion-show>. (Accessed on 15.6.2014)

¹⁸ EDUN. *Website of Edun* [online]. <http://edun.com> (Accessed on 15 June 2014)

guarantee its success. First of all, a fashion brand needs to be fashionable and desirable in terms of design. It is not enough for a fashion line to rely on promoting trade in Africa and to bank on people's philanthropic sensitivity but neglect to consider the design or the economic health of the business in general. However, after geographically broadening the production to Asia and Peru to survive as a business, the brand received a backlash of criticisms and suspicions of greenwashing from the public¹⁹.

Although the initial goals are not being implemented in their entirety today and some had to be reviewed, the brand has certainly expressed its active engagement in sustainability. Edun founded Conservation Cotton Initiative Uganda (CCIU) to promote organic cotton production and sustainable agricultural practices in Africa²⁰. Alongside the production engagement, it also provides trainings and funding to locals to support them in their own businesses²¹.

At the beginning of 2011, Edun had eight factories in Africa, and 37% of the Fall 2011 collection was produced in Africa²². According to the brand's website, 85% of its Spring 2014 collection was produced in sub-Saharan Africa.

Partnering with ONE, an international campaign and advocacy organisation co-founded by Bono, Edun launched 'Edun Live', a '100% made in Africa' T-shirt collection entirely made of African cotton and produced in Lesotho; 25% of the sales price was donated to Apparel Lesotho Alliance for Africa²³.

Whenever possible, the Edun founders actively promote their ethical conviction to the public. Edun itself shows its sustainable engagement on social responsibility by helping African communities produce by themselves and by bringing business into the country with the brand's production sites. It is engaged on the environmental aspect by organic cotton sourcing. Although economic reliability was not achieved during the early years, the brand has changed its focus to first, being a fashion

¹⁹ DODES, Rachel. Out of Africa, into Asia. In: *The Wall Street Journal*. [online]. Available from <http://online.wsj.com/news/articles/SB10001424052748704358904575478310504593870?mg=reno64wsj&url=http%3A%2F%2Fonline.wsj.com%2Farticle%2FSB10001424052748704358904575478310504593870.html> (Accessed on 15 June 2014)

²⁰ SUSTAINABLE BUSINESS DESIGN. *Website of Sustainable Business Design* [online] EDUN - Sustainable & Responsible Business of the Week. Published on 4 November 2007. Available from: <http://sustainablebusinessdesign.blogspot.ch/2007/11/edun-sustainable-responsible-business.html> (Accessed on 14 June 2014)

²¹ SHAW, Jacqueline. Fashion Africa – Business Analysis – EDUN. In: *African Fashion Guide* [online]. Published in 2012. Available from <http://www.africanfashionguide.com/2012/03/fashion-africa-business-analysis-edun/> (Accessed on 14 June 2014)

²² EDUN. In: Wikipedia [online]. Last modified on 30 July 2014. Available from: <http://en.wikipedia.org/wiki/EDUN> (Accessed on 1 August 2014)

²³ ONE. *Website of One* [online] The ONE Campaign and EDUN Launch Second ONE T-shirt. Published on 16 October 2007. Available from: <http://www.one.org/us/press/the-one-campaign-and-edun-launch-second-one-t-shirt/> (Accessed on 15 June 2014)

brand, and second, to being ethically engaged. When Creative Director Danielle Sherman joined the company in April 2013, she satisfied the high expectations with her debut collection. Therefore, one can see a positive trend in the brand's creative potential and attraction, and hence, its success²⁴.

- **Stella McCartney**

One of the most publicly known sustainability-engaged figures in the luxury sector is British designer Stella McCartney. In contrast to Edun, McCartney states that her first objective and mission is to create aesthetic, desirable fashion. It is only as a second consideration that she includes her sustainable convictions into her creations²⁵. In fact, "she refuses to be defined as an eco-designer seeking to make chic clothes"²⁶. Some of the brand's actions that integrate sustainability into the entire supply chain and production are the following:

- The brand's stores, offices and studios are powered by wind or renewable energy, resulting in the fact that 45% of the operations are run by 100% renewable energy.
- The brand takes part in the Natural Resource Defense Council, which aims to reduce waste and water consumption.
- The collections use as much organic cotton as possible. McCartney continuously seeks new ecological processes, renewable resources, biodegradable soles and natural materials. Some of these environment-friendly products can be found on the sustainable eyewear collection or lingerie line²⁷.
- Together with the International Trade Center's Ethical Fashion Programme, the brand produces bags in Kenya to create workplaces, savoir-faire and sustainable business future directly in the country²⁸.

The large sustainability section on the brand's website shows the different areas of engagement, campaigns, products and tips for a more ecological lifestyle with small daily actions. The designer, a spokesperson for the NGO People for Ethical Treatment of Animals (PETA), has completely removed

²⁴ NNADI, Chioma. Danielle Sherman's debut moment at Edun. In: *Vogue* [online] Published on 9 September 2013. Available from <http://www.vogue.com/vogue-daily/article/debut-moment-danielle-sherman-shines-at-edun/#1> (Accessed on 14 June 2014)

²⁵ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 189

²⁶ PASCAUD, Leslie. Could Sustainability be the Future of Luxury? In: Added Value's Blog [online] Published on 7 December 2011. Available from <http://added-value.com/could-sustainability-be-the-future-of-luxury/> (Accessed on 18 June 2014)

²⁷ LOLLI, Alessandra. Stella McCartney – Fashion and sustainability. In: *FG Magazine* [online] Available from: <http://www.thefashionglobe.com/stella-mccartney-sustainable> (Accessed on 15 June 2014)

²⁸ STELLA MCCARTNEY. *Website of Stella McCartney* [online]. <http://www.stellamccartney.com/experience/en/stellas-world/sustainability/meet-our-star-eco-products-2/printed-totes-made-in-kenya/> (Accessed on 18 June 2014)

leather or fur from her collections. Nevertheless, creating collections for H&M, which has been associated with sweatshops and poor working conditions in Asian production countries, contradicts the designer's ethical engagement.²⁹ This move by McCartney is a good example that can be used in evaluating the importance of a brand staying consistent and true to its message concerning sustainability. Although Stella McCartney is engaged in a multitude of ecological and ethical areas, one single step in the opposite direction can jeopardise her overall credibility.

The motivations: sustainability through conviction

These brands are characterised through the conviction of their founders who want to create an impact on society. They are striving for equity in the value chain, for better working conditions and for environmental respect. It is their personal belief that sustainability should be an integral part of the business and of people's everyday life in general. This conviction is in the centre of the business, aiming to educate and create value to all parties involved. The tools that can be used to achieve this goal are aggressive communication and celebrity involvement on one side and implementation of an ethics chart and sustainable management on the other side³⁰.

6.2 Eco-born brands

This new generation of eco-born brands entirely integrates social commitment and environmental engagement in its DNA. The combination of luxury and sustainability has been a natural combination since their creation and is an integral part of their business model. Although eco-born brands may still be in a niche market, with the shift in consumer values, they are slowly becoming a real competition for traditional luxury brands, demonstrating that a luxury brand can have an integrated sustainable vision without being on the side of eco-activism³¹.

The list of these brands is becoming longer, so I have chosen five representative brands. However, other brands such as Supiore (luxury yacht with a foredeck of solar cells, an electric motor and LED lights), John Masters (cosmetics), Luxethika (luxury eco-tourism with high-end tailor-made tourism experiences) or Linda Loudermilk (luxury eco-haute couture) equally characterise this brand category.

²⁹ WORLDPRESS. *Website of Wordpress* [online]. Available from <http://stellamccartneyethicalfashion.wordpress.com/> (Accessed on 15 June 2014)

³⁰ MAEDER, Eric. MAS de luxe at HEG de Genève. Classes on sustainable management on 13 February 2014.

³¹ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 126

- **John Hardy**

John Hardy is an artisan, hand-made jewellery brand based in Bali. Within their vision and mission they claim their “legacy of sustainable luxury” and commitment to the preservation of nature and craftsmanship. As much as there is an exchange and collaboration between designers and local artisans there is a symbiosis of nature and design. The local nature such as bamboo is an inspiration for the design of several collections. Local culture and craftsmanship have been preserved by integrating ancient techniques into today’s modern design. The core values of the brand represent authenticity, transparency, accountability and diversity³². In 2007, Damien Dernoncourt and Guy Bedarida took over the company respectively as CEO and as Creative Designer and brought it to an international level, with point of sales in Paris, at Harrods or on the luxury internet sales portal Net-a-porter.

While the brand is part of the Responsible Jewellery Council its ethic involvement goes beyond certificates and demonstrates a considerable engagement towards its community. The brand preserves Balinese traditions and techniques such as the “back grill” where cut work is crafted on the inside of the jewellery.

As one of Bali’s largest employers the brand is actively engaged in social activism. Besides the mentioned conservation of traditions and local employment John Hardy has created Jobs for Life, an effort to support Balinese orphans or disadvantaged children. With this programme, the company pays the last two years of high-school and then offers an apprenticeship to the children at the John Hardy compound.

“We don’t have any magic formula. The only thing we have is our people.”

Damien Dernoncourt, CEO of John Hardy

The compound in Bali itself has been built with bamboo and adobe and is settled amidst rice fields. Communal lunches are organized every day with food from the company-owned organic farm and prepared by a former Chef from a five-star hotel. These lunches just as the compound itself are open to the public every day.

³² STYLEZZA. *Website of Stylezza*. [online]. John Hardy, the history of successful jewelry. Published on 21 October 2011. Available from: <http://www.stylezza.com/john-hardy-the-history-of-successful-jewelry-383>. (Accessed on 20 June 2014)

The offices in Hong Kong also respect environmental-friendly guidelines using natural, non-toxic material and ensure a comfortable environment for the staff.

At the heart of the company's social responsibility is the programme called "Greener everyday". It includes the calculation of carbon emissions by print advertising, air travel and electricity usage and a corresponding number of bamboo trees are planted in Bali.

To compensate the greenhouse gas emission of the daily operations directly at the compound in Bali, the company has planted 600.000 bamboo seedlings in the nine regions of Bali.

John Hardy also includes and educates its employees about the environment and the impact the company has on it.

- **JEM**

Gold-mining and jewellery is a problematic subject in the luxury industry and has seen itself in controversial conversations, accusations of non-functional processes or lack of traceability. The brand JEM, Jewellery ethically minded, engages itself to transparency and traceability throughout its entire supply-chain. The metals are solely sourced either from recycled jewellery bought in France or from controlled artisanal mines which adhere to social responsible, ethical, environmental as well as fair trade standards. Buying from these mines has its costs: in average the ethical gold price is 11% above the market price. In addition, the brand has established the JEM process, a chart available on the company's website where principals and commitments are based on the three pillars of sustainability. Certainly savoir-faire and beauty cannot be missed in the luxury field. Hence, the jewellery is hand-crafted entirely in France, using and cherishing old artisanal techniques. The brand also chooses well-known designers for their collections who have worked with prestigious luxury brands. It also partners with fashion designer Anne Valérie Hash for a special ring collection³³.

- **OSISU**

The Thai furniture company had originally been created against any advice from business specialists who didn't believe in the market for green, recycled design. Today, OSISU gets appraisals in the press such as Wallpaper, Elle Decoration or Home & Décor for its design and sustainable approach. The products originate from waste and have been transformed into design artefacts. Water-based glue and Livos oil are being used for finishes³⁴.

³³ JEM. *Website of Jewellery ethically minded* [online]. <http://jem-paris.com/marque.php> (Accessed on 21 June 2014)

³⁴ BENDELL, Jem, KLEANTHOUS, Anthony. *Deeper Luxury*. WWF-UK. [online]. Published in 2007. Available from http://www.wwf.org.uk/deeperluxury/_downloads/DeeperluxuryReport.pdf.

- **Carmina Campus**

The brand has been created by Ilaria Venturini Fendi in 2006 when the Artistic Director left the family business to create her own fashion brand which uses only recycled material. The sole requirement for those materials is that they need to show a spotless premium craftsmanship-quality but could come from vintage items, left-overs, old collections to name but a few sourcing examples³⁵. Since 2009, the brand works together with the International Trade Centre, a joint UN and WTO agency to develop work and local business in Africa. Together with Italian designers, a 100% African collection has been created and sold worldwide. “Not charity, just work” is the mantra of the project which guarantees local workers, mostly women, a proper working environment, helps them to improve their skills for further independence and supports them with free education and health assistance for the entire family³⁶.

- **Norlha**

Norlha is the winner of the HEC & 1.618 Sustainable Luxury award 2013, an award based on creative, ethical and aesthetic criteria combined with a sustainable approach given out during the 1.618 Sustainable Luxury Fair in Paris every year³⁷. The core of the brand lies in the alliance of luxury and social responsibility and the belief that the two values are fundamentally working together. The brand produces fashion from yak wool in the highlands of Tibet, where a rough climate and working conditions push the younger generations to leave their traditional Nomad lives. Norlha started as a vision from founder Kim Yeshi, to use yak wool combined with traditional Nepali and Indian weaving and spinning techniques to create the most luxurious, soft fibres. The company gives Nomads an alternative and opportunity to be less dependent from farming and nature, to give an income to single or divorced women who would otherwise depend on their families. It also seeks to keep the younger generations within their villages who would otherwise leave the region. As most workers come from the surrounding villages the company ensures two meals to all employees per day. In

³⁵ CARMINA CAMPUS. Website of Carmina Campus [online]. Available from <http://www.carminacampus.com/> (Accessed on 21 June 2014)

³⁶ 1.618 SUSTAINABLE LUXURY. *Website 1.628 Paris* [online]. <http://guide.1618-paris.com/selection>. (Accessed on 21 June 2014)

³⁷ 1.618 SUSTAINABLE LUXURY. *Website 1.628 Paris* [online]. <http://guide.1618-paris.com/selection>. (Accessed on 21 June 2014)

2008, Norlha presented the first products in Paris and today, the fashion can be purchased in a few selected locations in China, in Parisian high fashion houses or in the Norlha show-room in Paris³⁸.

The motivations: sustainability as business model

As mentioned in the introductory paragraph, sustainable management is the business model of these luxury brands. Whereas the activist brands rely on their founder's convictions who pushes their brand into sustainability and who usually expresses these beliefs through vast communication, the eco-born brands above were created as ethic brands focusing on a (so far) niche market. Social responsibility, community involvement, equality throughout the supply chain and environmental respect are the core of these brands. An integrated ethical management, an ethical chart, transparency and traceability serve as tools to ensure the responsible convictions and as a proof to the public³⁹. The stakeholder's expectations and interests as well as sustainability itself are at the core value of these eco-born brands.⁴⁰

6.3 Stakeholder focused brands

These brands are mostly part of the big players in the luxury field, worldwide renown and geographically spread with boutiques and points of sale. While sustainability didn't play a major role in their beginning years, they all have integrated sustainability into their operations over time. They are also characterised by the fact that sustainability is an integral part of the brand's external corporate or customer communication. They are highly concerned by the stakeholder's demands and expectations as well as their overall competitive positioning⁴¹.

- **Kering Group**

"It is my conviction that sustainable business is smart business. It gives us an opportunity to create value while helping to make a better world." François-Henri Pinault⁴²

The luxury conglomerate Kering is undoubtedly the sustainable leader and pioneer in the industry willing to proactively create transparency throughout its operations and communication. Just lately,

³⁸ NORLHA. *Website of Norlha* [online]. <http://norlha.fr/> (Accessed on 22 June 2014)

³⁹ MAEDER, Eric. MAS de luxe at HEG de Genève. Classes on sustainable management on 13 February 2014.

⁴⁰ MAEDER, Eric. *Ethique et principes du management durable*. 2014

⁴¹ BONINI, Sheila, BOVE, Anne-Titia. *Sustainability's strategic worth*. McKinsey & Company. 2014. P. 12

⁴² KERING. *Website of Kering* [online]. <http://www.kering.com/en/sustainability> (Accessed on 22 June 2014)

in May 2014, Kering has been recognised as one of the “greenest brands” by Newsweek Magazine’s Green Ranking (in collaboration with Corporate Knight Capital) coming in on place four out of 500 global brands. The evaluation was based on the group’s 2012 environmental performance focusing on 12 key performance indicators such as governance, water, waste or energy just to name a few⁴³. In 2012, Kering has put together an ambitious social and environmental plan for its brands with targets to be achieved by 2016. These targets include

- All collections to be 100% PVC-free
- Provenance of all precious skins and furs from captive breeding
- 100% of the gold and diamond supply sourced from verified operations
- Reduction of water, waste and CO2 emissions resulting from the group’s production by 25%
- All paper and packaging to be FSC certified and using a minimum of 50% recycled content
- Provenance of leather from verified sources
- Evaluation of suppliers and their adherence to the group’s code of conduct⁴⁴.

On the philanthropic side, Kering has created the already cited Kering Foundation in 2009 which is dedicated to combat violence against women and to support their empowerment by working together with NGO’s and spreading awareness amongst their employees.

The importance that sustainability has gained in the past years is visually expressed by the middle position of the sustainability tab in the group’s website header⁴⁵. A special mentioning deserves the environmental Profit & Loss account which calculates the company’s “use of nature”. It is illustrated in a playful, simplistic way despite its complexity and hence, informs the public about the group’s sustainable process in an understandable manner.

- **Gucci**

Out of Kering’s luxury brand portfolio, Gucci has been one of the first brands to take considerable actions in regards to sustainability through activities in philanthropy, innovative products and operations. Philanthropy is often used by luxury brands as it is easy to implement, has large media

⁴³ NEWSWEEK. Website of Newsweek. [online]. Available from <http://www.newsweek.com/green/top-10-green-companies-world>. (Accessed on 01.07.2014)

⁴⁴ KERING. *Website of the Kering Group* [online]. KERING PROGRESS REPORT. Published in May 2014 <http://www.kering.com/en/sustainability> (Accessed on 02.7.2014)

⁴⁵ KERING. Website of the Kering Group (online) <http://www.kering.com/en/sustainability> (consulted on 02.7.2014)

potential and responds to social engagement demands from stakeholders. This also applies for Gucci who has contributed over 10 million USD to UNICEF in the past nine years⁴⁶.

Since 2005, Gucci supports UNICEF programmes promoting health and education in sub-Saharan Africa such as Schools for Africa. In 2013 and 2014, donations from sales of the “Nice shopper bag” have gone to UNICEF and are benefitting this programme. The brand is specifically engaged in women issues and girl’s education. It actively supports the group’s foundation for Women’s Dignity and Rights fighting against women violence and for their independence and empowerment.

Gucci is equally active in the environmental pillar with the innovation of products and production techniques. Women shoes of the 2012 collection were made entirely out of bio plastic, whilst the men’s collection combined bio-rubber soles, biologically certified strings and vegetable tanned calfskin. The result is a shorter degradation process leaving no waste or environmental impact which brought the company a certification by European Standards UNI EN 13432 and ISO 17088.

A 100%-traceable bag certified as zero deforestation from Amazon leather has been created. However, this collection is only available in certain flagship boutiques and only a very limited number has been produced. Besides the mentioned activities, the brand has been certified by the Responsible Jewellery Council in 2012, only FSC certified paper is used and last but not least, the packaging is 100% recyclable⁴⁷.

Comparing those actions to the overall production and its environmental impact it might not fall into balance but it is a start and shows a certain engagement from the brand.

- **Tiffany**

As manifested by the movie “Blood Diamonds” in 2006, gemstone sourcing and diamonds in particular have been the focus of media, non-profit organisations and the public in general. The American company Tiffany & Co. has been heavily engaged in the fields of social and environmental responsibility in the past 15 years and follows the sustainable report guidelines of the Global Reporting Initiative as well as the United Nations Global Compact.

The 2012 Corporate Responsibility report include the following highlights:

As a member of the Responsible Jewellery Council all rough diamonds are purchased only from suppliers and countries that participate in the Kimberly Process Certification Scheme. 100% of the

⁴⁶ DORAN, Sophie. Gucci steps towards sustainability. In: *Luxury Society* [online]. Published on 29 January 2014. Available from <http://luxurysociety.com/articles/2014/01/gucci-steps-towards-sustainability> (Accessed on 18 June 2014)

⁴⁷ Gucci. *Website of Gucci* [online]. http://www.gucci.com/ch/worldofgucci/mosaic/think_and_act (Accessed on 18 June 2014)

rough diamonds were purchased either directly from a known mine or a supplier sourcing from multiple known mines. In that year, 98% of precious raw metals procured by the company's manufacturing facilities could be traced back to a mine or recycler.

In 2012, Tiffany & Co. was awarded by the United States Environmental Protection Agency with the Excellence in Greenhouse Gas Management for exceeding the goal of reducing the greenhouse gas emissions per square foot by 10% in the U.S. from 2006 to 2011.

With the company's objective to incorporate sustainable design criteria into their buildings, the New York headquarter has been enhanced as LEED (Leadership in Energy in Environmental Design) Platinum, reducing emissions by 23% towards 2010.

The company was listed on the FTSE4Good® Index which reviews companies and objectively measures their performance on globally recognised corporate responsibility standards.

The paper bags and carton boxes were entirely produced of paper certified by the Forest Stewardship Council.

In 2000, the Tiffany & Co. Foundation has been established and works mainly on environmental issues and the arts. As an example, the foundation supports NGO's in improving working conditions at artisanal mining around the world. In 2012, Tiffany & Co. made charitable contributions totalling nearly 1% of pre-tax earnings.

Besides the communication on the brand's website, the company also raised awareness for environmental issues such as the protection of Bristol Bay in Alaska from mining by placing ads in the National Jeweler magazine in 2009 and in the National Geographic magazine in 2010⁴⁸.

- **Shangri-La**

I would like to precisely highlight one of the first international renowned luxury hotel groups taking major steps towards a sustainable management throughout their entire operations. The pioneer in this sector is the Hong Kong based Shangri-La group who has started its integrated sustainability approach in 2007. A testimony to the company's corporate responsibility integration is evidenced by the fact that CSR is a distinct part in the integrated management reporting system⁴⁹.

⁴⁸ TIFFANY & CO. *Website of Tiffany & Co.* [online]. <http://www.tiffany.com/CSR/> (Accessed on 29 June 2014)

⁴⁹ WORLD TRAVEL & TOURISM COUNCIL. *Website of World Travel & Tourism Council.* [online]. Tourism for tomorrow award 2012. Available from <http://www.wttc.org/tourismfortomorrow/winners-finalists/2011-winners-finalists/shangri-la-hotels-and-resorts/> (Accessed on 01.07.2014)

The company became a member of the United Nations Global Compact in 2011. The latest progress report in 2013 followed the Global Compact's 10 principles to provide transparency and detailing the company's achievements towards the principles across operations worldwide.

Within this approach, Shangri-La has identified five distinct areas: environment, health and safety, employees, supply chain and stakeholders. The environmental impact of hotel operations is considerable thinking for example of the water use for laundry or electricity. To date the group has 47 hotels out of 72 certified by ISO 14001 Environmental Management System and CO2 emissions could be reduced by 16% per guest in 2012. Another 25 hotels were certified by Occupational Health & Safety Management System (OHS 18001). Having operations in 25 different countries around the world, the group promotes local hiring which resulted in 89% local workforces in 2012.

Having established a supplier code of conduct in the areas of Labour and Human Rights, Health and Safety, Environmental Impact, Ethics and Management Commitment, the group's sustainable commitment exceeds the internal operations.

Besides these initiatives above Shangri-La has created two programmes called "Embrace" focusing on the support of local children's health and education programmes as well as "Sanctuary" committed to biodiversity conservation and habitat protection⁵⁰.

The motivations: sustainability as risk management

Today, not adhering to sustainable guidelines or social trends can be a threat for companies of each industry. The luxury sector is no exception to this rule. On the contrary, with values seeming to contradict all sustainable principles, luxury brands are exposed to potential accusations from NGO's, shareholders, celebrities, consumers, press or other parties. In order to avoid and anticipate such allegations, luxury brands (and especially the big and exposed players Kering and LVMH) cannot jeopardise their highly valuable brand image and reputation. Brand capital and image have to be managed. In addition, sustainable management has proven to be economical efficient and money saving. Their sustainable strategy relies on the compliance to regulations such as ISO 14001 or ISO 26000 as well as the implementation of well-respected principles such as the UN Global Compact⁵¹.

⁵⁰ SHANGRI-LA GROUP. *Website of Shangri-La Group* [online]. <http://www.shangri-la.com/corporate/about-us/corporate-social-responsibility/sustainability/> (Accessed on 2 July 2014)

⁵¹ MAEDER, Eric. MAS de luxe at HEG de Genève. Classes on sustainable management on 13 February 2014.

The stakeholders are at the core for these brands. For this reason their interests and expectations define the company strategy at long-term in order to create a win-win situation⁵².

6.4 Savoir-faire brands

Sustainability recognises the importance of cultures and local traditions. It brings attention to artisans, the savoir-faire of ancient traditions and the preservation of the same. Luxury (the so-called 'real luxury' distinguishing itself from the ostentatious bling-bling luxury) is cultivating craftsmanship, the handmade arts⁵³, and the art-like expertise one needs to sew a Chanel dress, to create an Hermès carré or to cut gemstones for the Van Cleef Mystery Setting. Such luxury brands advocate the 'made-in', which is a true distinction in today's global world and endless geographic supply chain temptations. Another intrinsic value of luxury and specifically of these brands is confidentiality. Everything is confidential: the price, the production, the savoir-faire, the clients, and so on. These brands do not openly communicate; neither do they discuss their sustainable engagements.

- **Hermès**

The French luxury brand Hermès earned negative publicity in 2013 when Greenpeace published the Fashion Duel results, an initiative to raise awareness on the negative impacts of fashion on the environment, as well as on biodiversity and humanity, and to urge the luxury fashion industry to stop using hazardous chemicals. The NGO submitted questionnaires to 15 luxury brands to generate a set of ranking and ascertain the environmental engagement of these luxury brands. Hermès was rated 'poor' amongst many of its fellow brands. Aside from the negative comments in the press, Greenpeace activists affixed posters on Hermès' boutique windows in Paris.

⁵² MAEDER, Eric. *Ethique et principes du management durable*. 2014

⁵³ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 164



Setting aside the factors as to whether this initiative was justified, conducted properly or targeted to the right industry, the ranking itself communicated an incorrect message. No research was performed to determine whether Hermès in fact uses hazardous chemicals within its supply chain. The brand simply did not respond to the questionnaire.⁵⁴ Hermès did not feel the necessity to respond to the questionnaire and to the aggressive approach. It probably did not feel concerned about 'common' issues, true to luxury's distance from the rest of the world. Rightfully, if we make a comparison based on production methods and quantities, Hermès is most probably at a small percentage of some non-luxury fashion brands or other industries in general. In fact, the CA Cheuvreux report in 2012 states that "Hermès is the most integrated and transparent player, which leads us to a high level of confidence in the supply chain." The brand shows a transparent distribution network, invested in tanneries for ecological compliance and despite an increasing production, water consumption was stable. Still today, most of the manufactures are established in France (23 in France, one in the UK, one in Switzerland, one in Italy and one in the US).⁵⁵ Customers will wait for months to receive a Kelly bag as the brand has chosen not to increase its factories or to change the production procedure. The "Fashion Duel- incident" characterises the brand's positioning that it does not feel the need to communicate on sustainability as per its definition it cherishes cultural diversity, rare materials, perfect craftsmanship and artisan production, values shared with sustainable management.

⁵⁴ THE FASHION DUEL. *Website of The Fashion duel* [online]. <http://en.thefashionduel.com/>. (Accessed on 2 July 2014)
⁵⁵ CORNET, Philippe. *Luxury Goods - Sustainability Sector Profile*. CA CHEVREUX GROUP. In: *Long Finance* [online]. Published in 2012. Available from http://www.longfinance.net/images/reports/pdf/ca_sustluxurygoods_2012.pdf. (Accessed on 30 July 2014) P.26

In addition, there are other elements that classify Hermès as a brand promoting sustainability: the Hermès Foundation supports artisan expertise, the arts (both visual and performing), design and biodiversity⁵⁶. For each collection, Hermès takes inspiration from different cultures and continents. For example, African Tourags have designed bags for the brand⁵⁷. The brand is also heavily engaged in training its people, transmitting its values and with this creating a sense of belonging. It equally has an ethic charter and was rated as “the most advanced, among peers, on key people and profit and culture sharing gives confidence on strong human capital management.”⁵⁸

“Le luxe c’est ce qui se répare.” Charles Emilie Hermès

True to the founder’s son convictions and against wasting high quality products, the brand created “petit h” in 2010, a collection of exceptional objects produced either as unique pieces or in a limited edition by different artists. Unused materials from the Hermès ateliers or prototypes receive a “second chance” by getting transformed into artistic objects⁵⁹.

- **Lesage**

The Parisian embroidery store dates back to 1858, and has since become famous in the luxury fashion world for its innovative techniques, exceptional savoir-faire and avant-garde designs. For many years it has been serving the most prestigious luxury brands, such as Yves Saint Laurent, Balenciaga and Christian Dior in their fashion creations. All embroideries are hand-made by skilled artisans in the Parisian atelier.

The archive counts over 60.000 samples representing the biggest couture embroidery collection in the world⁶⁰. In order to preserve this unique savoir-faire, Chanel created the group Paraffection

⁵⁶ FONDATION D’ENTREPRISE HERMES. *Website of Fondation d’Entreprise Hermès* [online]. <http://en.fondationdentreprisehermes.org/?force=true>. (Accessed on 2 July 2014)

⁵⁷ DORAN, Sophie. Gucci steps towards sustainability. In: *Luxury Society* [online]. Published on 29 January 2014. Available from <http://luxurysociety.com/articles/2014/01/gucci-steps-towards-sustainability> (Accessed on 18 June 2014)

⁵⁸ CORNET, Philippe. Luxury Goods - Sustainability Sector Profile. CA CHEVREUX GROUP. In: *Long Finance* [online]. Published in 2012. Available from http://www.longfinance.net/images/reports/pdf/ca_sustluxurygoods_2012.pdf. (Accessed on 30 July 2014) P. 36

⁵⁹ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 176

⁶⁰ LESAGE. *Website of Lesage – Atelier de Broderie* [online]. <http://lesage-paris.com/pdf/pressReview.pdf> (Accessed on 3 July 2014)

which bought Lesage in 2002 to prevent the closing of the embroiderer as well as avoid the delocalisation and loss of this exceptional testimony to craftsmanship⁶¹.

In 1992, Lesage founded its own embroidery school, which is open to everybody, from beginners to experts and professionals to amateurs, with the aim of safeguarding and transmitting their knowledge, skills and techniques.

The motivations: sustainability by nature

These brands are not purposely thinking of integrating sustainability in any way in their daily operations. They are based on craftsmanship, traditional savoir-faire, exceptional quality of raw materials and a duty to excellence. They have grown out of the level of artisanal small business and resisted the industrialisation and democratisation of their products or services. The values above are a consequence of an ethical approach to business. These companies have no specific intent for their actions to reflect on sustainability. There is no founder or top management giving directions to include sustainability in the supply chain for whatever reason. Instead, it is a natural part of their normal manufacturing process.

7 LUXURY AND SUSTAINABILITY: CONTROVERSY OR SELF-EVIDENCE?

7.1 Shifts & Trends

The various surveys cited in the beginning of this work showed that there is an increasing interest in sustainability from consumers. The latter are progressively becoming conscious of their personal footprint and desire to associate themselves with sustainability and ethics companies. Social responsibility has become a new common value in society. A consequence of this value shift is a change in customer behaviour. The WWF report *Let them eat cake* identified that “consumers tend to choose responsible brands whenever they can, so long as those brands are as attractive as other alternatives”⁶². This finding is in line with the results from my own survey where respondents said

⁶¹ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 164

⁶² KLEANTHOUS, Anthony, PECK, Jules. *Let them eat cake. Satisfying the new consumer appetite for responsible brands*. WWF UK. [online]. Published in 2006. Available from http://www.wwf.org.uk/filelibrary/pdf/let_them_eat_cake_abridged.pdf P. 6-19

they would prefer to buy a sustainable good or service over an equal product of their favourite brand. The luxury industry has recovered rather fast after the economic crises in 2008; however society has emerged with a profound change in consumer behaviour. Luxury customers are no longer willing to accept high prices blindly. Being iconic and exclusive no longer suffice for a luxury brand to survive in this competitive environment as customers “need better reasons to buy”.⁶³ Buying a luxury product does not just demonstrate status and stylistic independence anymore. Knowing the heritage, the brand’s craftsmanship and product provenance show a greater interest of consumers in social, ethical and environmental issues underpinning the desire of their purchase to deliver a lasting, meaningful experience. This sustainable awareness and concern is driven by younger generations who need additional meanings to their objectively unnecessary purchase besides the product itself. Am I supporting others with this purchase? Can I feel good about my decision?⁶⁴.

These shifts in values and consumer behaviour are responsible for the creation of new trends, from organic food and healthy living to slow food and similar. The Howard HTL Report stated at the International Luxury Travel Market in 2011 that the luxury traveller has become eager to discover experiences off the beaten track. They are willing to pay high prices but are seeking for authenticity, for a close connection to local culture and for a commitment to the local environment⁶⁵.

Climate change, extreme weather events around the globe and resource scarcity are a fact in today’s world and have forced businesses to react and include resource efficiency and scenario planning in their overall strategy. Companies have understood the connection between risk management and sustainability, moving the latter high up on their priority list.⁶⁶ In a recent survey of McKinsey, top executives stated that sustainability is becoming an integral part of their business. The top three reasons for this strategy are alignment with values, goals or missions; improving operational efficiency and reducing costs; and building, safeguarding or improving the corporate reputation. They have further testified that reputation management will have the highest value-creation

⁶³ BELLAICHE, Jean-Marc Bellaïche, MEI-POCHTLER, Antonella, HANISCH, Dorit. The New World of Luxury. Caught between Growing Momentum and Lasting Change. In: *bcp.perspectives* [online]. Published on 2 December 2010. Available from: https://www.bcperspectives.com/content/articles/retail_branding_communication_new_world_of_luxury/

⁶⁴ KENDALL, Jonathan. Responsible luxury - A report on the new opportunities for business to make a difference. In: *The World Jewellery Confederation* [online]. Published in 2010. Available from: http://www.cibjo.org/download/responsible_luxury.pdf (Accessed on 13 July 2014) P. 9-11

⁶⁵ HOSPITALITY NET. *Website of Hospitality Net* [online]. Horwath HTL Report at the International Luxury Travel Market (ILTM) identifies ‘The Future of Luxury Travel’ Published on 16 June 2011. Available from: <http://www.hospitalitynet.org/news/4051855.html> (Accessed on 23 May 2014)

⁶⁶ ERNST & YOUNG. *Website of Ernst & Young*. [online]. 2013 six growing trends in corporate sustainability. Published in 2013. Available from <http://www.ey.com>. (Accessed on 4 July 2014) 2013. P. 5

potential in the next five years⁶⁷. With the brand image being a crucial asset in the luxury sector, reputation management is an essential area for luxury companies even if luxury is used to dictate its views and values instead of following consumer feedback. In this particular case though, I believe that luxury companies do have an interest to manage risk and reputation management at the same level as other industries because their glamour will have a limited impact on the new, eco-minded customers. Following precisely this approach of the importance of reputation management for the luxury industry, Kapferer writes that “the reputation of the luxury brand must remain intact to be able to command a high pricing power.”⁶⁸ What if sustainability could assist luxury in keeping its irreproachable reputation in a changing social environment where personal social responsibility and respect are becoming critical aspects of the general mindset?

7.2 Accusations & Reputation Management

“War destroys man, but luxury destroys mankind; at once corrupts the body and the mind.”

John Crowne, 17th century

Since centuries ago, luxury has always seen itself targeted with accusations of waste, ostentation and increasing the gap between the rich and the poor. Such has been the phenomenon throughout history and probably since mankind. Famous opponents of luxury included Socrates and Rousseau who stated in the 18th century that luxury is intrinsically tied to decadence and is against moral conventions⁶⁹.

The associations of luxury with ostentation and waste have not vanished since. Still today and maybe more than ever, luxury is faced with tremendous scrutiny. Historically, luxury was preserved for those who had power and money. At present, being confronted with resource scarcity, why would those precious resources be spent for the pleasure of a happy few? No other sector reveals the disparity within society as much as the luxury sector does⁷⁰.

⁶⁷ BONINI, Sheila, BOVE, Anne-Titia. *Sustainability's strategic worth*. McKinsey & Company. 2014. P. 2

⁶⁸ KAPFERER, Jean-Noel. What do clients think of the sustainable future of luxury? Paris. In: *The Luxury Strategy* [online]. Published in 2012. Available from <http://www.theluxurystrategy.com/site/wp-content/uploads/2012/05/What-do-clients-think-of-the-sustainable-future-of-luxury.pdf> (Accessed on 10 July 2014) P. 1

⁶⁹ CASTAREDE, Jean. *Le luxe*. Paris. Presse universitaire de France. 1992. P. 13

⁷⁰ KAPFERER, Jean-Noel. All that Glitters is not Green: The challenge of sustainable luxury. *The European Business Review*, 2010, November – December 2010. P. 1

“If there were no luxury, there would be no poor.” Henry Home, Lord Kames

Although being the biggest luxury consumer market in previous years, the Chinese government perceives luxury as a provocation of the poor and a threat to social cohesion. Consequently, it has prohibited luxury brands from public advertising⁷¹. Yet luxury is not responsible for the creation of those social inequalities.

Comparing the importance of various industries, Bain & Co. estimated the total revenue of luxury brands in 2013 to be EUR 217 billion⁷². This figure represents only approximately half of the revenue of US retailer Walmart, the number one in Fortune 500's ranking. Numerous budget airlines have spurred consumer demand for easy and low-cost air travel that results in high kerosene consumption, which in total is incomparably higher than the kerosene consumption of private jets. The impact of middle-range cars in China or India is a much higher threat to the environment than all the Maybach's, Porsche's and Bentley's combined. Still, due to its global media presence, exposure through celebrities, “Hollywood glamour” or bling-bling representatives and through its revelation of inequalities, luxury sees itself in the spotlight of irresponsible behaviour accusations. It is not so much for its objective environmental impact that luxury is on the frontline of criticism but more for its symbolic power and visibility. With its commitment to excellence and its impeccable brand image ensuring high profit margins, the luxury industry has a crucial (financial) interest in conserving its reputation⁷³.

7.3 Conflicting values? Myth and reality

“Luxury lies not in the richness and ornateness but in the absence of vulgarity.” Coco Chanel

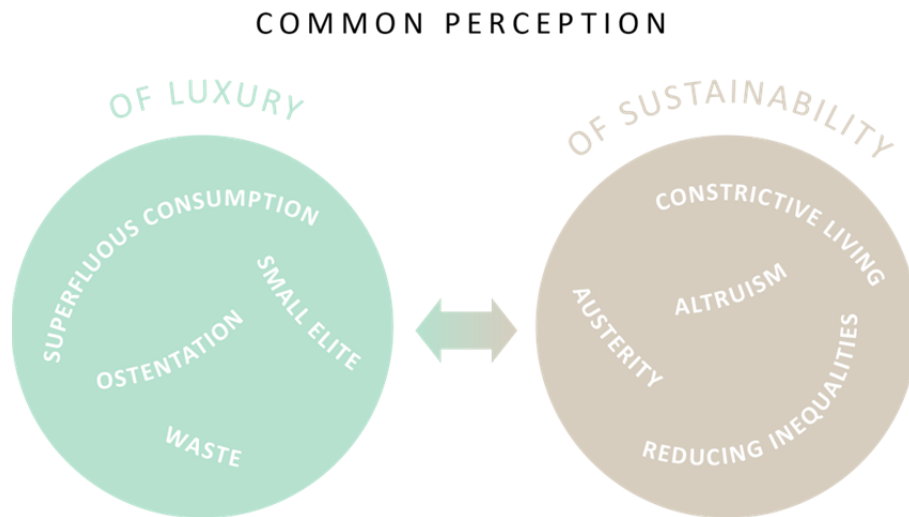
At a first glance luxury and sustainability have little in common. They even seem conflicting, especially taking into account the many accusations described above. Yes, luxury is not of any use, but it is useless in the same way as art which celebrates the human capacity of avant-garde creativity

⁷¹ PASCAUD, Leslie. Could Sustainability be the Future of Luxury? In: Added Value's Blog [online] Published on 7 December 2011. Available from <http://added-value.com/could-sustainability-be-the-future-of-luxury/> (Accessed on 18 June 2014)

⁷² D'Arpizio, Claudia. Luxury Goods Worldwide Market Study Fall 2013. In: Website of Bain & Company [online] Published on 28 October 2013. Available from: <http://www.bain.com/publications/articles/luxury-goods-worldwide-market-study-fall-2013.aspx> (Accessed on 24 July 2014)

⁷³ KAPFERER, Jean-Noël. All that Glitters is not Green: The challenge of sustainable luxury. *The European Business Review*, 2010, November – December 2010.

and creation⁷⁴. While for many, luxury rhymes with ostentation, waste, superfluous consumption and limited to a small elite, sustainability on the other side often stands for austerity, altruism, reducing inequalities and constrictive living. Indeed finding common ground for both industries seems difficult.



There are many different definitions of luxury and luxury brands, as well as measures through which they can be classified. For example, Sicard proposes three categories of luxury. First is classic luxury, mostly established in the 18th and 19th centuries in Europe, in which the main focus is the product. Second is modern luxury, which is dominated by its creator, i.e. Chanel. The third category is contemporary luxury, in which media attention is pre-dominant⁷⁵.

Similarly, the word 'luxury' has multiple origins. The origin that is most commonly referred to is 'luxo', which means 'dislocate' or 'twist'. From this angle, luxury is seen as a gap from the normal, expected or common. Others link luxury back to 'lux' or 'light'. Although the foregoing is not the correct etymological origin, it has an interesting aspect because luxury is often bright and flamboyant, the so-called 'bling-bling' luxury. Another origin is "luxus", which means 'excess, surplus and overabundance', with a certain moral condemnation⁷⁶.

⁷⁴ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 160

⁷⁵ SICARD, Marie-Claude. *Luxe, mensonges et marketing*. 3^e édition. Paris : Pearson Education France, 2010. P. 158

⁷⁶ MICHAUD, Yves. *Le nouveau luxe. Expériences, arrogances, authenticité*. Paris : Edition Stock, 2013. P. 21

According to Michaud, there are two main essential satisfactions that luxury provides: ostentation (often the main purpose for aspiring luxury aficionados) and living rare, unique and authentic experiences. The goal of ostentation is to differentiate oneself from the rest, showing a certain success and status; “being somebody”. This is mostly done through objects: a big car (or a bigger car than the neighbours), a Rolex watch, a Louis Vuitton handbag but always showing logos to ensure that the others, those who do not have access to the same luxury recognise the symbols and understand the importance, the status and the money attached to it. This phenomenon is mostly perceived with “luxury beginners”, the “nouveaux riches” and emerging markets.⁷⁷

Luxury also provides pleasure and experiences. These pleasures can certainly come from buying a Gucci bag, from possessing a yacht, from wearing a Loro Piana suit but it is also the pleasure of living intense, authentic and unusual experiences beyond material aspects. The experience itself needs to be authentic, true, natural and original. There is no room for superficiality, but the quest is going for the exceptional, pure authenticity⁷⁸. This trend is confirmed by most luxury brands today which are obsessed with showing their heritage, their authentic crafts.

The following codes aim to define luxury even further and oppose their connection to sustainability.

THE CODES OF LUXURY:

HERITAGE	HIGH PRICE
QUALITY	RARITY
MYTH	EXCLUSIVITY
CONFIDENTIALITY	PASSIVE CONSUMER

Heritage is an integral part for a large number of luxury brands. It is important for the “Maisons” such as Patek Philippe, Goyard, Van Cleef and so on, to cultivate and communicate on their history and heritage which provides them with legacy as well as legitimacy to represent their “métier d’art”. But heritage is not only important to long established companies as the way a brand behaves today, the actions it is taking at presents will be the heritage of tomorrow. Hence, incorporating current

⁷⁷ MICHAUD, Yves. *Le nouveau luxe. Expériences, arrogances, authenticité*. Paris : Edition Stock, 2013. P. 12

⁷⁸ MICHAUD, Yves. *Le nouveau luxe. Expériences, arrogances, authenticité*. Paris : Edition Stock, 2013. P. 158

social preoccupations such as Corporate Responsibility into day to day business will shape the footprint and heritage of the brand. In addition, heritage also means the heritage of the savoir-faire and the transmission of the same. By ensuring the continuity of unique production techniques and cultural traditions, luxury conserves often forgotten artisanry as for example the mentioned embroidery of Lesage.

Exceptional **Quality** is a given fact of true luxury. Luxury goods are meant to last. They are meant to be of exquisite quality and excellence. This contradicts the accusation of wasteful consumption as a luxury product should not be thrown away but last for several years or even generations. Patek Philippe includes this transmission to the next generation into his brand statement since years with its slogan “You never really own a Patek Philippe. You merely look after it for the next generation”. 90% of all Porsche’s produced are still being driven today⁷⁹. The timelessness was equally confirmed by some survey respondents who noted that due to the high quality of the products, they will last much longer than cheaper equivalents and as such contribute to a controlled consumption and hence to sustainability.

The fashion industry – also the luxury one – must be set apart as here obviously latest trends favour new consumption. Still, as such the products last longer than the fashion itself.

Luxury products and services provide a value beyond financial aspects to their customers. Not only do they buy excellent quality products or services but they are aspired by the **myth** that surrounds a luxury brand and by the emotional satisfaction that a purchase conveys. This myth has largely contributed to the little involvement of luxury brands towards sustainable management until now. Luxury brands are afraid of losing their mystery to terrestrial concerns. In addition, the brand power has been stronger than any objective reasoning for luxury consumers but the trends show that people today and in the future need different motivations to buy than status symbols. Again, the survey showed that the majority of respondents preferred a sustainable product or service over the equal one from their favourite brand. So luxury brands need to be ready when the customer’s sustainable sensitivity increases further.

Sustainability demands transparency and traceability whereas luxury stands for **confidentiality**. In luxury everything is confidential... the price, the production methods, the clients, sometimes also the provenance, especially when the product is not 100% made-in the brand’s native country. Then again brands have already lost their secrecy to the internet and research possibilities. Consumers do

⁷⁹ KAPFERER, Jean-Noel. All that Glitters is not Green: The challenge of sustainable luxury. *The European Business Review*, 2010, November – December 2010.

no longer blindly accept the formal brand statements but will dig beneath the surface. This has been confirmed by several surveys above. The actions of vocal NGO's, namely the Fashion Duel by Greenpeace, show that luxury brands will need to communicate if they don't want to face reputation damage. Hence, a controlled transparent communication needs to be adopted in order to satisfy society's and stakeholders' demands. Even though luxury thrives for excellence, an impeccable transparent traceability may not be fully possible in the beginning but luxury brands will have to accept that they are on a learning curve in this respective aspect.

Since the financial crisis, luxury consumers may have a closer look on what they get for their money but they are certainly not price sensitive. A **high price** is characteristic for luxury goods and services presuming exceptional quality, creative design and craftsmanship whether this is the case in reality or not. We saw above that people would be scandalised if a luxury product wasn't "green" which is a logic assumption that one makes when paying exorbitant prices. Investing in sustainability will have a positive long-term financial impact, although developments such as research, technology or social equalities require initial financial investments. With consumers willing to pay high prices, the luxury industry has a strong advantage over other, less robust businesses and could integrate sustainability within its production chain by either reducing the margins or adding on top of the retail price without any higher risks.

According to Kapferer sustainability and luxury share one precious value: **rarity** and the preservation of the same. Luxury is resource dependant, especially in regards to the rare materials it uses and hence has a strong interest in securing their sourcing. If luxury doesn't cherish its resources and is not preoccupied about their sustainability it will not be able to produce precious products in the near future. Yet, if luxury did not exploit rare materials there wouldn't be the question of its protection in the first place. Hence, I do not fully agree with Kapferer in this respect. Either luxury needs to find alternative solutions, techniques and technologies to replace rare resources or it has to implement preservation and cultivation methods. Some brands have already started the process, i.e. Hermès Cuirs Précieux, the company's own crocodile breeding farm in Australia established in 2009. It is important to point out though that not all rare products are by definition luxurious products. Sometimes its rarity is actually its only value. Otherwise its exploitation is often sheer decadence, i.e. ivory or endangered species in general. In conclusion, rarity as all other luxury values needs to be combined in order to represent luxury⁸⁰.

⁸⁰ BASTIEN, Vincent et KAPFERER, Jean-Noel. *Luxe Oblige*. Paris: Editions Eyrolles, 2012. P. 449

We saw above that one part of the perceived luxury is ostentation. To a degree this is true for any kind of luxury. The aspirational luxury needs to show-off, indulge in excessive behaviour to show a certain level of status, to impress others, to differentiate oneself from the mainstream and to be part of a so-called “elite” (even if the “elite” of Monogramme Louis Vuitton bags is not a real elite anymore). For the more advanced luxury consumers it will be important to pamper themselves, to live authentic experiences and to belong to an exclusive circle of initiated connoisseurs. Although the perception is different, for both luxury consumers, **exclusivity** is crucial. For some it may rather be the perception of exclusivity than an overall objective one. What matters is the personal perception of exclusivity. Real luxury is against mainstream, against massification, against masstige. And if the real luxury was about exceptional quality products (and services) produced in respect of the ecological environment, of people and resources? What if sustainability took advantage of luxury’s enchantment and was one differentiating factor to be part of the elite? A common example is Tesla, high luxury electronic cars of a sporty, elegant design which target an environmentally conscious elite.

Luxury brands constantly evoke new desires, define new trends and arouse dreams. Within the luxury universe the consumer receives information from brands who dictate their codes. Luxury chooses for its consumers⁸¹: how to wear this pair of shoes, where to drink the best wines, which colours to wear this season etc. In contrast to other industries, luxury does not listen to its consumers but the consumers listen to luxury. This **passivity of the consumer** is unique amidst different industries. Luxury is aspiring and dictating. What if sustainability took inspiration of this? What if ethical engagement became desirable? But why would luxury consider integrating sustainability into its business if its consumers are willing to accept the values imposed by luxury? Is there a need to change? I believe there is because it makes financially sense, because resources need to be protected and because reputation may be at risk.

7.4 The marriage of two worlds

Personally, I strongly believe that luxury finds its definition in every individual’s personal perception. For some it may be smoking the finest Cuban cigar, for others buying the latest Italian sports car and for others it may be spending some precious moments with friends and family around an exclusive bottle of wine. In general though, four distinctive categories of luxury can be identified:

⁸¹ BASTIEN, Vincent et KAPFERER, Jean-Noel. *Luxe Oblige*. Paris: Editions Eyrolles, 2012. P. 296

- Aspirational Luxury
- Status Luxury
- Experiential Luxury
- Absolute Luxury

Aspirational Luxury is the first step towards luxury. It is synonym for “I want to be someone.” It is selling the luxury dream and its customers usually don’t have the necessary buying power but will rather cut back on groceries in order to buy the first item of the luxury brand. Those brands must be commonly known, have a prominent recognition factor (logo or pattern) and represent glamour, success and beauty. The brands equally produce entry products such as sunglasses, beauty products and so on to capture these clients.

The next step in the pyramid is **Status Luxury**, the classic “Nouveau-riches” category, the “I am someone!” Customers have been largely successful in life and want to demonstrate their money, their (financial) achievements and their status.

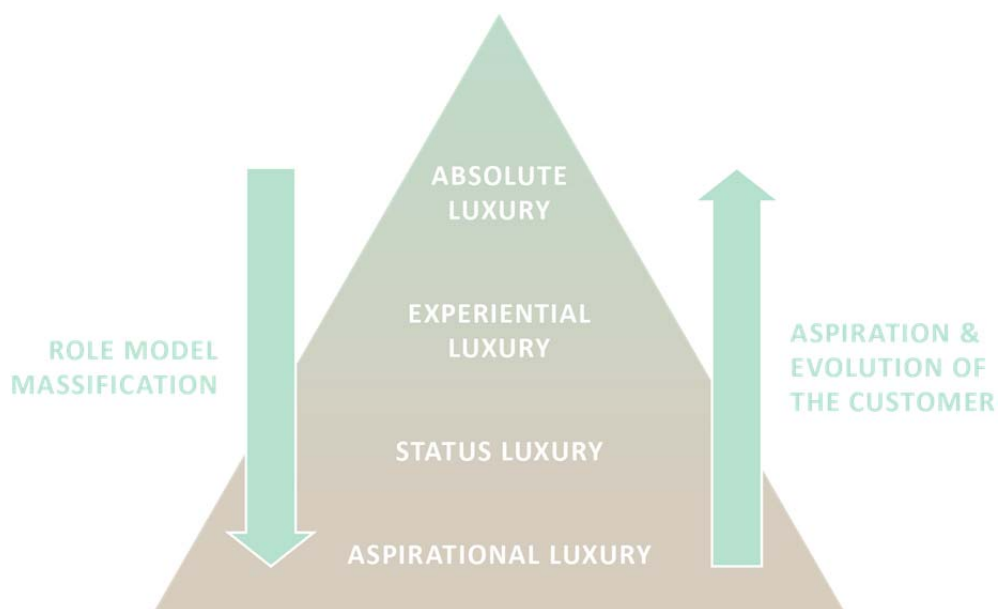
For the **Experiential Luxury** consumer, true luxury goes beyond tangible aspects. Experiences are king; it’s the art of living, the *savoir-vivre*. Enjoying unique moments; living authentic experiences. The top of the pyramid corresponds to the **Absolute Luxury** where money is no longer an issue, where logos are banned. It’s about taking the time, searching for pure, rare products, services and experiences⁸².

Absolute Luxury is the role model where luxury is at its purest stage, where it is triggering creativity, dictating trends, creating dreams and pioneering new ideas. Its consumers are often opinion leaders and idols which inspire others. This is the area that sustainability needs to target and take advantage of luxury’s influential power. Whereas the quantitative impact may not be significant, the people-influential-potential is tremendous. If sustainability wants to lose its image of austerity and constraints, in luxury it can find its desirability. The luxury codes above have shown that luxury and sustainability are not that far apart but actually do have many common denominators. Both are intrigued by quality, craftsmanship and transmitting values, traditions and *savoir-faire*. Some of the Eco-born or *Savoir-faire* brands have demonstrated this. Sustainability needs to abandon the perception of the wasteful luxury but embrace its true values. On the other hand also luxury is too hesitant in integrating sustainability into its communication, intrinsic values and selling points.

⁸² LEHERPEUR, Martine. MAS de luxe at HEG de Genève. Classes on 10 April 2014.

Currently, all levels of luxury including the two satisfactions by Michaud display a certain level of egoistic behaviour whereas sustainability is about doing good without a personal benefit. But why would the ethical “feel-good-factor” not be added to luxury’s attraction? Why would an ethical lifestyle not be a consumer driver for an industry that claims excellence? Maybe luxury is afraid of losing some of its emotional desirability; Losing some parts of its myth and confidentiality to concrete down-to-earth issues and traceability. Christopher Cordy does not talk about sustainability or Corporate Social Responsibility when it comes down to sustainable luxury but about “Responsible Excellence” which is closer to luxury’s vocabulary and may take away some of the fear.

The greater issue lies in the Aspirational Luxury and the massification of luxury. Luxury beginners are driven by their personal satisfaction and are in the search for recognition and social affiliation. They will choose a logo over the ecological or social impact of the luxury purchase, unless sustainability becomes a desired value of luxury. On the aspirational level the impact of luxury good production on sustainability is higher than for the Experiential or Absolute Luxury, simply of the fact that quantities resemble those of broader industries. However, this is where the economical and reputational arguments of an integrated sustainable management kick-in. The stakeholder-focused brands have shown the way how to integrate sustainability into operations and management.



The pyramid shows a two way flow: from bottom to top, consumers are aspired by luxury and will evolve from one level to the other over time. From the top down, luxury plays a role model and

influences consumers. It also loses its rarity and exclusivity to massification. Luxury can adopt sustainability on all levels, make business sense and integrate sustainability into its core values, representing Responsible Excellence.

7.5 Certifications & Measurements Standards

Within the consumer survey realised in April 2014, 68% of the 160 respondents stated that they believe luxury needs an independent label to proof its sustainable management. Despite this demand of transparency and proof, no specific sustainable luxury label currently exists. However there is a multitude of more or less trustworthy, voluntary or non-voluntary sectorial labels that rate sustainability. The textile industry for example remains the least traceable and undisclosed one. On one side it concerns the production itself; on the other side it affects the labour field. Labels exist for both initiatives such as The Better Cotton Initiative, Oeko-Tek Standard 100 or the Clean Cloth Campaign. The diamond and gem sector represents another division with high media attention and reputational risk. Corruption, poor working conditions and ecological impact join conflict diamonds on the top list of issues in this sector⁸³. The Kimberly Process is an initiative that aims to end the trade of “blood diamonds” but industry experts have raised concerns on its efficiency and highlighted the impossibility of exact identification of the gems’ provenance themselves. While the sectorial segregation might make sense for the production, supply chain and different industries, it is confusing for the consumer and nearly impossible to follow, understand or remember. The UN Global Compact has been adopted by several luxury brands and is a straight forward concept in 10 points that can be adapted to each company. The most commonly known standards are probably the ISO family of norms. Some examples that have potential interest for the luxury sector are ISO 9001 which is targeted to the client satisfaction (and hence could be a standard especially in the luxury service industry), ISO 14001 which aims to reduce the environmental impact and finally ISO 26000 which has a larger scope and is focused on Corporate Social Responsibility, including social and ecological aspects, expectations from stakeholders and coherence to international norms⁸⁴.

⁸³ CORNET, Philippe. *Luxury Goods - Sustainability Sector Profile*. CA CHEVREUX GROUP. In: *Long Finance* [online]. Published in 2012. Available from http://www.longfinance.net/images/reports/pdf/ca_sustluxurygoods_2012.pdf. (Accessed on 30 July 2014) P. 11-17

⁸⁴ BARACCHINI, Paolo. MAS de luxe at HEG de Genève. Classes on sustainable management on 12 February 2014.

In order to make it easily accessible to the end consumer and globally applicable, the best direction for a luxury industry label would be to adapt those cited norms, namely ISO 9001, ISO 14001, ISO 260000 and the UN Global Compact to the luxury sector and its specifications.

7.6 Outlook & the future (of) luxury

What will or could our environment look like in 2050? It is projected that by 2050 the population will increase by another two billion people, adding up to nine billion people overall. This mass of population will increase its impact on resources, pollution, climate and the environment in general with the following projections:

- It is predicted that the world economy will quadruple which brings an increase of 80% of energy with it, whereas the global greenhouse gas emissions are projected to increase by 50%.
- Biodiversity will be decreasing by 10% with climate change as its main driver.
- Global water demand will increase by 55% due to growing demand from manufacturing (+400%), thermal electricity generation (+140%) and domestic use (+130%).
- More than 240 million people are expected to be without access to safe water.
- 1.4 billion people will be without access to basic sanitation.
- Air pollution will become the top environmental cause of premature mortality⁸⁵.

These alarming predictions apply to all industries, to all sectors and to the entire population. Smart actions will need to be taken immediately in order to positively influence the 2050 forecast. Companies will have to change their usual way of doing business and integrate ecological objectives in their management.

Christopher Cordy summarised four main drivers for the luxury industry in his speech at the 2013 Sustainable Luxury Forum:

- **The power of the watchdog:** Vocal NGO's will continuously challenge the luxury industry with revealing reports and initiatives and hence increase the pressure on brands and their reputation.

⁸⁵ OECD. Website of OECD [online]. OECD Environmental outlook to 2050: The Consequences of Inaction. Published in March 2012. Available from: <http://www.oecd.org/environment/indicators-modelling-outlooks/49846090.pdf> (Accessed on 2 August 2014)

- **Luxury Schizophrenia:** In the chapter above I have classified luxury in four different areas with two main poles: Absolute Luxury and Aspirational Luxury. Cordy refers to the luxury of the historical West pursuing values such as well-being, sense making, collective values and transmission, opposed to the luxury of emerging markets who are already on the economical rise and will gain greater buying power stirring a desire to show status, logos, individualism and pleasure. They have suffered in the past when “the West” was recklessly using the planet and its resources. Now they want to have their share of opulent living. But as mentioned earlier what if sustainability became desirable and an integral part of luxury?
- **Neo Luxury:** I mentioned earlier the phenomenon of Eco-born brands which are driven by conviction and convinced creators. For the moment they only represent a niche within the luxury industry but with a society becoming more ethically minded, they may be able to force larger brands to adapt their own business to the shifts in consumer behaviour.
- **Generation Impact:** The younger generation is tech-savvy, increasingly socially responsible and driven by meaning, authenticity and impact creation. We have experienced the power of digital and social platforms in political crisis. This new generation has the tools, the information and ethical conviction to pressure brands, to look beneath the surface of green-washing initiatives and will play an essential role of how luxury will need to adapt to the future⁸⁶.

⁸⁶ CORDY, Christopher. Interview on 18 July 2014.

8 CONCLUSION

“There must be more to life than having everything!”

Maurice Sendak

In my consumer survey in April 2014, 87% of the respondents expressed their belief that luxury and sustainability fit together. Not only do I believe personally that there is a natural fit but I’m convinced that integrated sustainability is the future of luxury. Both share same values such as quality, authenticity, transmission, craftsmanship or heritage. Various surveys showed evidence that consumer awareness of and concern for sustainability are increasing and pressure from stakeholders (including consumers) will be growing. Lastly, sustainable management does make financial sense which is a more sustainable argument than personal conviction, quoting Geoffrey Heal, Professor at the Columbia Business School: “I don’t care whether companies change for the love of the environment or because of their financial self-interest. The most sustainable solution is to have companies responding to financial incentives rather than their own feelings.”⁸⁷

As a conclusion I believe that the following eight points are crucial drivers for the success of sustainable luxury:

- **Learning each-others language:** The research has revealed that a reciprocal misunderstanding remains between both sectors which is mainly due to a wrong perception and mutual ignorance of each-others activities and values. Sustainability sees luxury as ostentatious superficiality while luxury is afraid of sustainability’s austerity and control. The reality is though that both sectors can learn from each-other and should embrace each-other. Sustainability could take advantage of luxury’s public exposure, its opinion leadership and desirability whereas luxury could be the pioneer of “Responsible Excellence” and a role model for other industries.
- **Safeguarding reputation:** Luxury brands benefit from an incredible intangible capital: their brand value. MillardBrown calculates on a yearly basis the financial value of brand equity and identified in 2014 Louis Vuitton with the highest brand value in the luxury field with 25.871 million USD followed by Hermès with 21.844 million USD both increasing by 14%

⁸⁷ HEAL, Geoffrey quoted in KENDALL, Jonathan. Responsible luxury - A report on the new opportunities for business to make a difference. In: The World Jewellery Confederation [online]. Published in 2010. Available from: http://www.cibjo.org/download/responsible_luxury.pdf (Accessed on 13 July 2014) P. 15

towards the previous year⁸⁸. It takes a brand decades and huge investments to build such an equity and reputation but it can be damaged in only a few days and with a few actions. We saw that reputation management is one of the top reasons for businesses to integrate sustainability into their operations as stakeholder demands increase. Jeopardising this extraordinary value which ensures high profit margins would be foolish.

- **Creativity and innovation are key:** Luxury is renowned for its avant-garde, its pioneering and its creativity. 47% of respondents believe that creativity can save luxury in a world of sustainable development⁸⁹. Sustainability could use luxury's creativity to communicate on its values. In addition, creativity's aestheticism is a solution to give desirability to sustainability⁹⁰. How fantastic would it be if luxury had the courage to be sustainability's creative leader?
- **Do what I preach:** Today's digital landscape has empowered people, including consumers, to no longer be solely dependent on brands' communication. Luxury's precious confidentiality is at risk what the power of Social Media has already proven us. Consumers have changed from passive to active and are communicating on brands' behalf. The advantage of luxury brands is that consumers are highly emotionally engaged with their brands; yet, they cannot be fooled. Greenwashing or false philanthropy will be unveiled by tech-savvy consumers and pressuring NGO's. Transparency is one the most valuable virtues. In addition, Corporate Responsibility needs to go beyond donations and companies will have to show their authentic commitment through active engagement⁹¹.
- **A little shake-up doesn't hurt:** Stakeholders and NGO's will continuously pressure the luxury industry to follow a responsible behaviour and to demonstrate leadership in ethical engagement. Being highly exposed to media, criticism and public attention, luxury has a real interest to move out of its defensive mode and actively take on its role as a pioneer.

⁸⁸ MILLWARDBROWN. BrandZ™ Top 100 Most Valuable Global Brands 2014. [online]. Published in 2014. Available from http://www.millwardbrown.com/docs/default-source/global-brandz-downloads/global/2014_BrandZ_Top100_Report.pdf (Accessed on 10 August 2014) P. 65

⁸⁹ KAFPERER, Jean-Noel. What do clients think of the sustainable future of luxury? Paris. In: *The Luxury Strategy* [online]. Published in 2012. Available from <http://www.theluxurystrategy.com/site/wp-content/uploads/2012/05/What-do-clients-think-of-the-sustainable-future-of-luxury.pdf> (Accessed on 10 July 2014)

⁹⁰ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 190

⁹¹ KENDALL, Jonathan. Responsible luxury - A report on the new opportunities for business to make a difference. In: *The World Jewellery Confederation* [online]. Published in 2010. Available from: http://www.cibjo.org/download/responsible_luxury.pdf (Accessed on 13 July 2014) P. 22-23

- **The new generation:** The younger generation is increasingly socially conscious and suspicious at the same time. A two-sided impact can be identified for the luxury sector: on the one hand luxury clients are becoming younger and this generation represents luxury's future clientele. On the other hand this young generation equally embodies the talent pool for luxury employers. They are likely to be attracted by companies with active responsible involvement as their future employer. They will enquire about the brand's sustainable engagement⁹². Luxury needs to be ready for that.
- **The sustainable dream:** Luxury has the power to create dreams, to fascinate with its myth and to influence trends and society. Eco-born brands are likely to grow out of their niche and reach a greater target market. They are responding to a consumer demand and are equally creating additional desire for an ethic lifestyle. Will they be able to force the big players to follow? Sustainability on the other side needs to use luxury as an ally in its quest to become desirable. Luxury and sustainability can grow together and promote their values influencing society's opinion-leaders.
- **Sustainability as a selling tool:** Ethical consumerism is no longer a niche market. Climate change, social and environmental issues are present in our daily lives. Consumers are shifting from logo-buyers to knowledgeable, discerning customers interested in the story behind the product or service itself. Authentic experiences are crucial and customers will identify themselves with their luxury purchases and the brand. Today, social and environmental respect is clearly a purchase criterion⁹³. Luxury consumers are aware of the fact that their purchase doesn't reflect a real need. Yet society's increasing ethical engagement represents a social pressure for the luxury consumers. Why not giving them a functional alibi? A permission to buy? A carbon offset private jet? A sexy electronic sports car? A three Michelin star restaurant supporting seasonal and local products? These are premium sales motivators and can inject the feel-good-factor into luxury⁹⁴.

⁹² KENDALL, Jonathan. Responsible luxury - A report on the new opportunities for business to make a difference. In: *The World Jewellery Confederation* [online]. Published in 2010. Available from: http://www.cibjo.org/download/responsible_luxury.pdf (Accessed on 13 July 2014) P. 12

⁹³ LOCHARD, Cécile, MURAT, Alexandre. *La nouvelle alliance : Luxe et développement durable*. Paris : Editions Eyrolles, 2011. P. 202

⁹⁴ KENDALL, Jonathan. Responsible luxury - A report on the new opportunities for business to make a difference. In: *The World Jewellery Confederation* [online]. Published in 2010. Available from: http://www.cibjo.org/download/responsible_luxury.pdf (Accessed on 13 July 2014) P. 12

In the long-term and considering the 2050 outlook, business as usual will no longer exist. Companies will have to evolve to an integrated sustainable management. Why would luxury not use this unique opportunity and be the pioneer in this field, show its creative leadership as it has proven throughout history, take ownership of “Responsible Excellence” and turn green into the new black?

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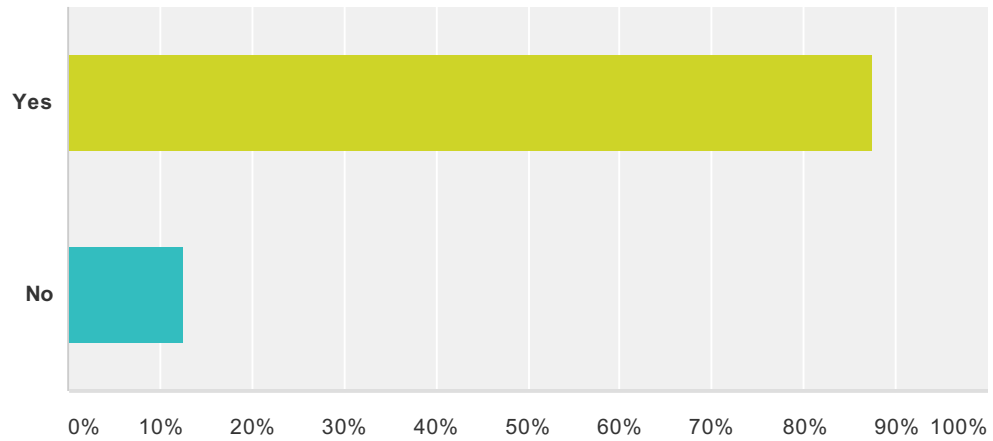
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10 ANNEXES

Consumer Survey April 2014

Q1 Would you describe yourself as being sensitive to luxury?

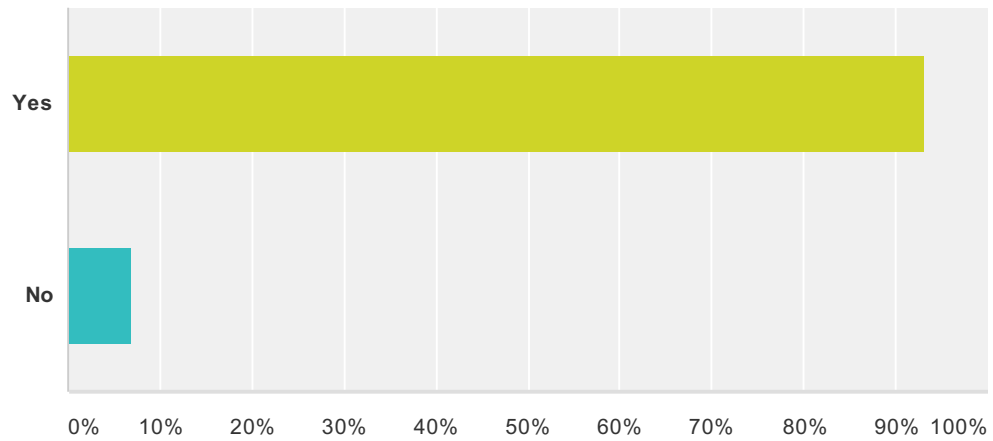
Answered: 160 Skipped: 1



Answer Choices	Responses	
Yes	87.50%	140
No	12.50%	20
Total		160

Q2 Have you bought at least one luxury good or service in the past 12 months (as a gift or for yourself)?

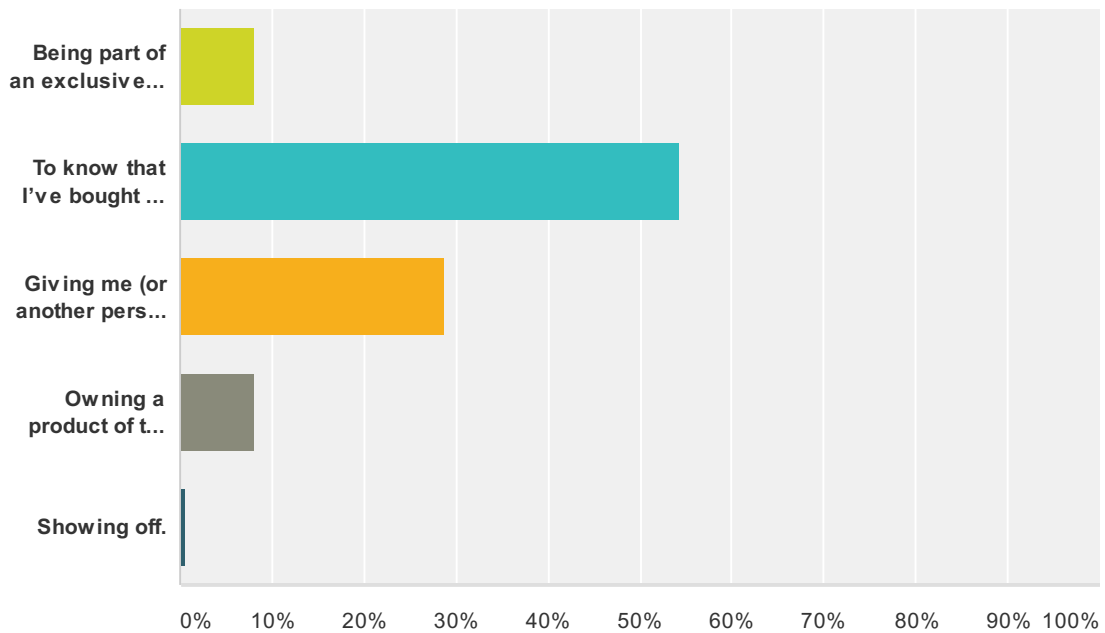
Answered: 160 Skipped: 1



Answer Choices	Responses	
Yes	93.13%	149
No	6.88%	11
Total		160

Q3 What aspires you most when buying a luxury product?

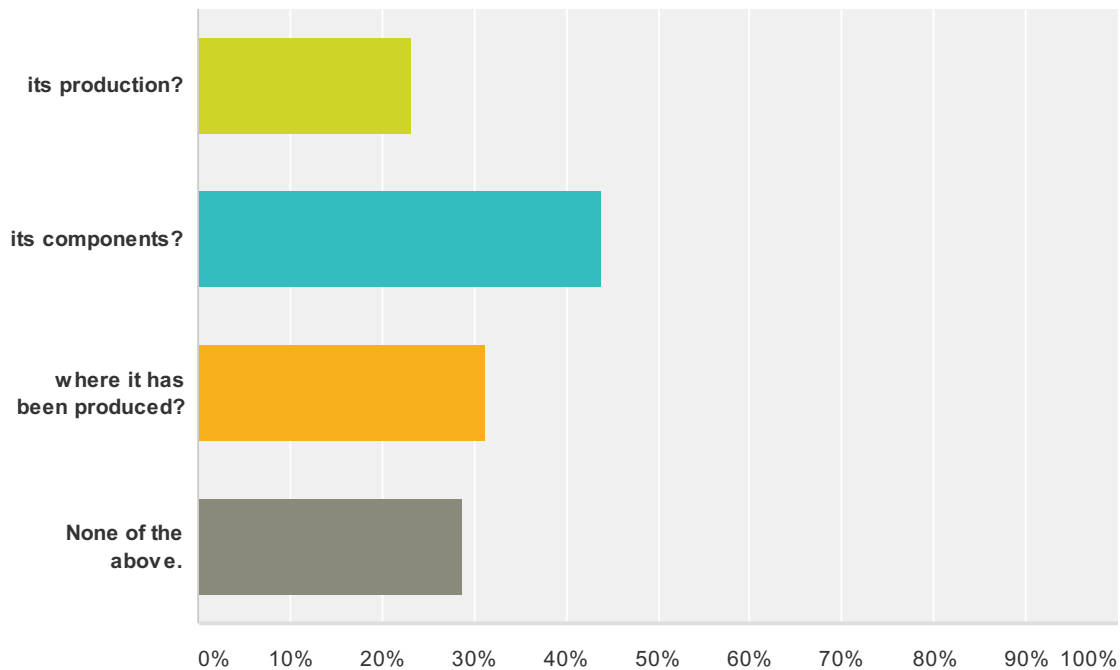
Answered: 160 Skipped: 1



Answer Choices	Responses	
Being part of an exclusive circle of people.	8.13%	13
To know that I've bought a high quality product.	54.37%	87
Giving me (or another person) a treat.	28.75%	46
Owning a product of this prestigious brand.	8.13%	13
Showing off.	0.63%	1
Total		160

Q4 When buying a luxury product or service, do you usually ask about

Answered: 160 Skipped: 1

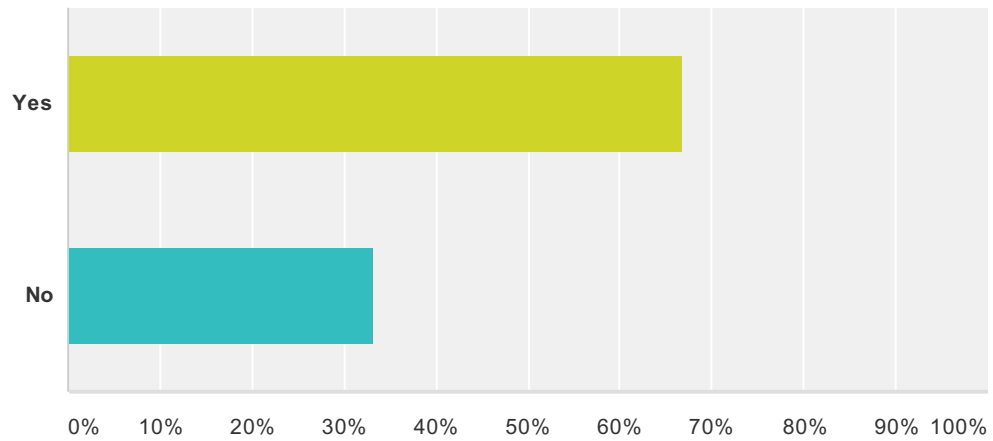


Answer Choices	Responses
its production?	23.13% 37
its components?	43.75% 70
where it has been produced?	31.25% 50
None of the above.	28.75% 46
Total Respondents: 160	

#	Other	Date
1	the sustainability of its production and its longevity	4/30/2014 11:21 AM
2	history behind	4/29/2014 3:54 PM
3	Produced pieces per year /	4/28/2014 8:50 AM
4	type of questions are connected to the product	4/26/2014 5:59 PM
5	It would usually be a luxury service that I buy	4/26/2014 4:58 PM
6	the history or story behind it	4/24/2014 6:27 PM
7	limited production ideally, personalisation if possible	4/24/2014 2:35 PM
8	if the materials have been ethically sourced	4/24/2014 10:46 AM
9	The Brand image	4/24/2014 10:45 AM
10	story behind	4/24/2014 10:33 AM
11	It's function - it still needs to fit its purpose	4/24/2014 10:27 AM
12	its craftsmanship	4/24/2014 9:25 AM

Q5 Would you say that a luxury brand, service or product is a guarantee for the quality of the product?

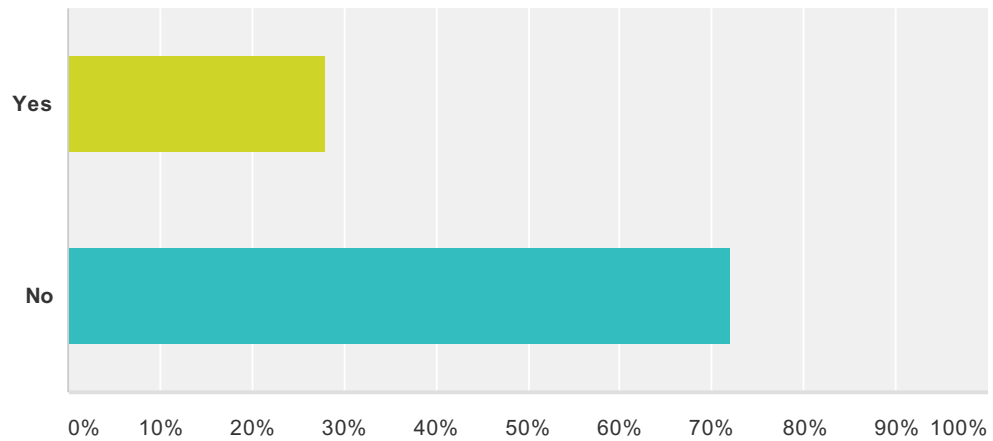
Answered: 160 Skipped: 1



Answer Choices	Responses	
Yes	66.88%	107
No	33.13%	53
Total		160

Q6 Would you say that a luxury brand, service or product is a guarantee that the product is being produced in a sustainable way? (Sustainability is defined as development that satisfies the needs of the present without compromising the ability of future generations to satisfy theirs. Its approach is based on 3 pillars: social responsibility, economic efficiency, environmental preservation.)

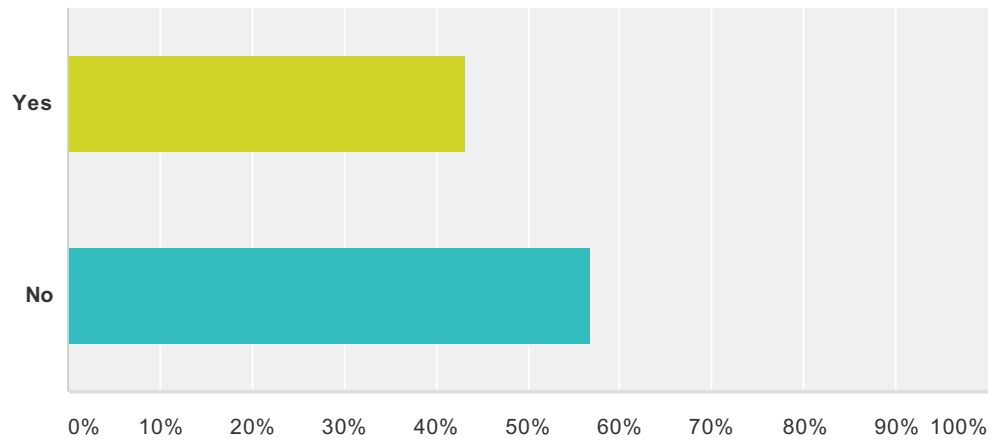
Answered: 157 Skipped: 4



Answer Choices	Responses	
Yes	28.03%	44
No	71.97%	113
Total		157

Q7 Would you say that a luxury good is produced in a more sustainable way than non-luxury goods?

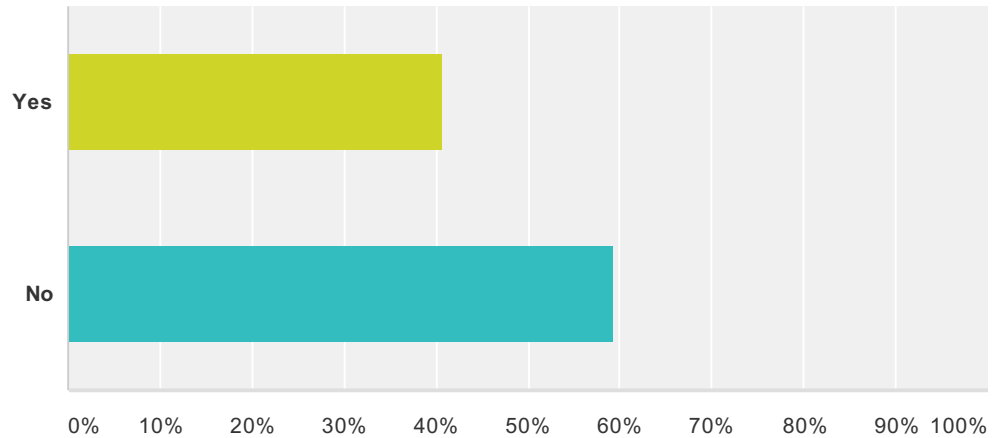
Answered: 157 Skipped: 4



Answer Choices	Responses	
Yes	43.31%	68
No	56.69%	89
Total		157

Q8 Would you say that employees of the entire value chain within the luxury industry (of a luxury brand, service or product) are treated better (financially and socially) than in other industries?

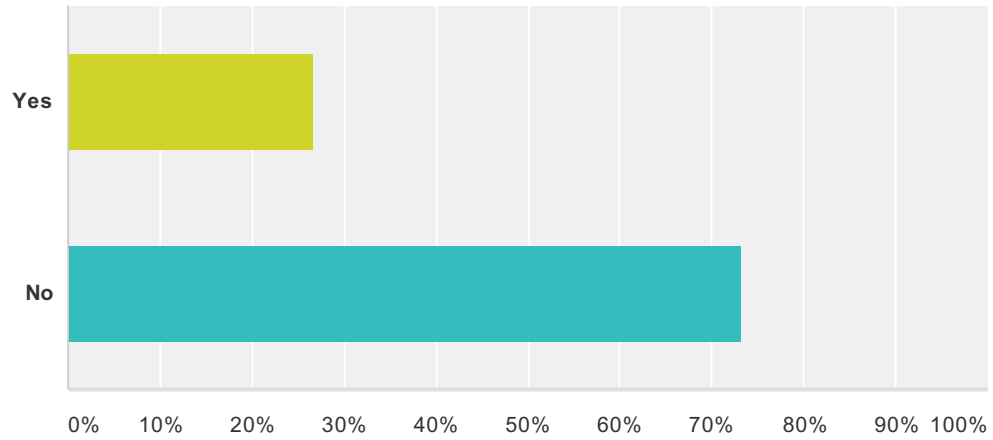
Answered: 157 Skipped: 4



Answer Choices	Responses	
Yes	40.76%	64
No	59.24%	93
Total		157

Q9 Would you say that a luxury product or service is produced environmentally friendlier than products or services of other industries?

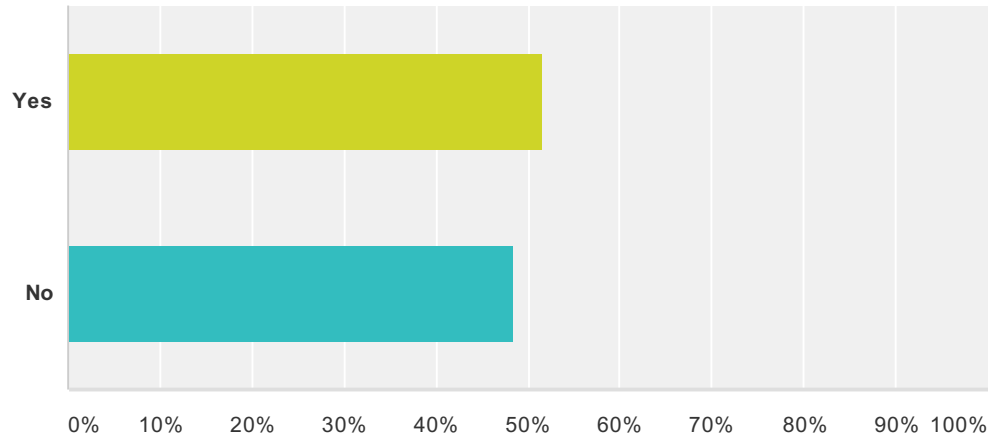
Answered: 157 Skipped: 4



Answer Choices	Responses	
Yes	26.75%	42
No	73.25%	115
Total		157

Q10 Would you say that a luxury product or service is produced in a financially more profitable way than products or services from other industries?

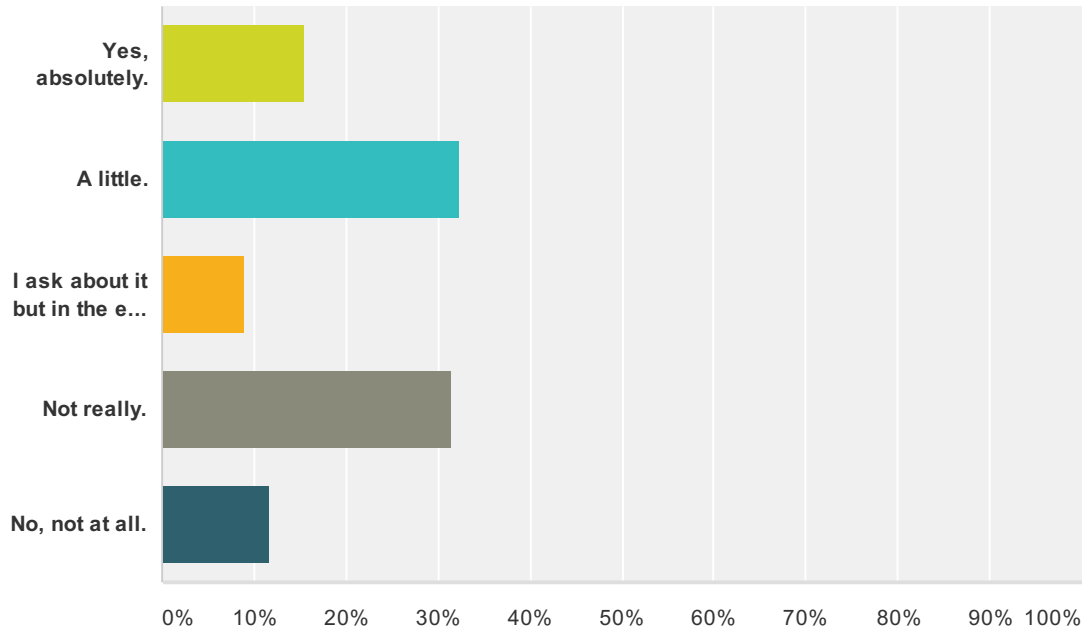
Answered: 157 Skipped: 4



Answer Choices	Responses	
Yes	51.59%	81
No	48.41%	76
Total		157

Q11 When it comes to buying a luxury product, service or brand would you say that your buying behaviour is influenced by the sustainable aspects of the product's production?

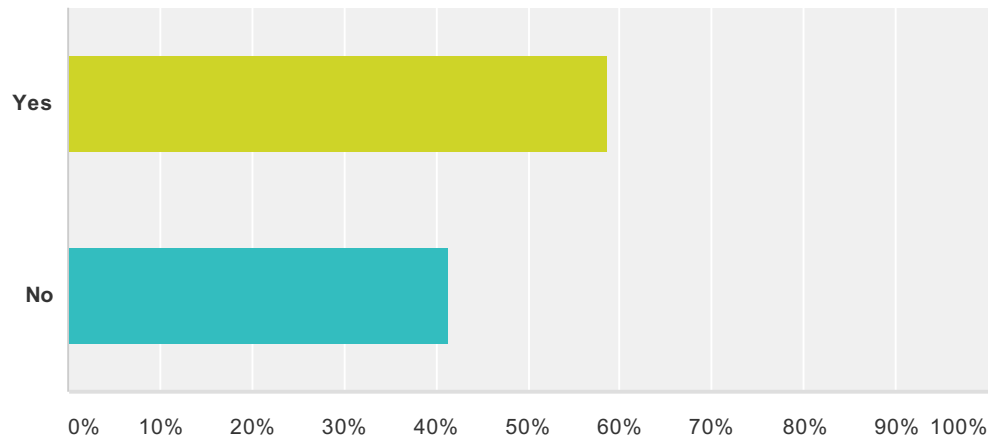
Answered: 155 Skipped: 6



Answer Choices	Responses	
Yes, absolutely.	15.48%	24
A little.	32.26%	50
I ask about it but in the end I still buy the product, regardless of its sustainable aspects.	9.03%	14
Not really.	31.61%	49
No, not at all.	11.61%	18
Total		155

Q12 Would you buy a luxury product if you knew that it wasn't produced in a sustainable way?

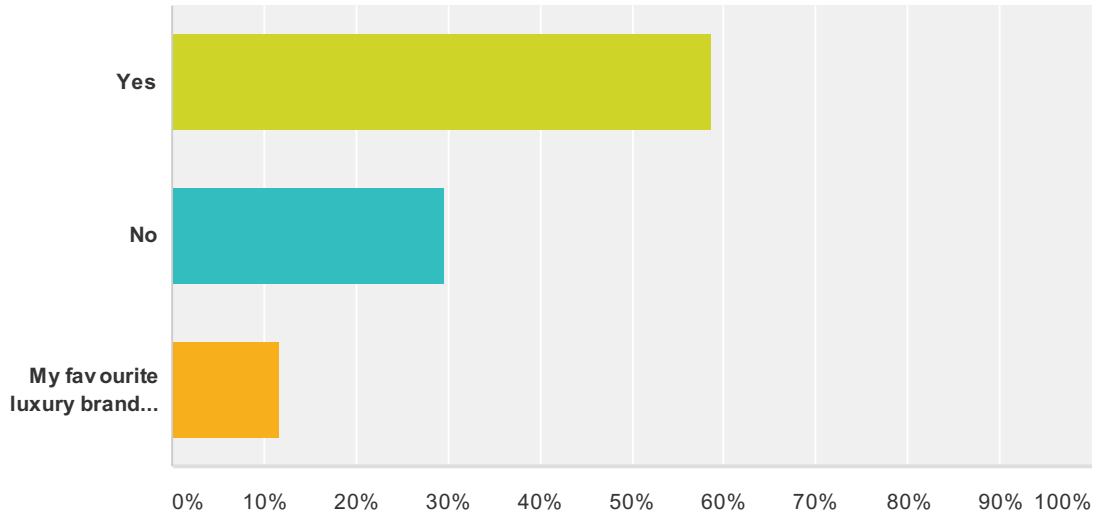
Answered: 155 Skipped: 6



Answer Choices	Responses	
Yes	58.71%	91
No	41.29%	64
Total		155

Q13 Would you prefer to buy a sustainable luxury product over an equal product from your favourite luxury brand regardless of its sustainability?

Answered: 155 Skipped: 6

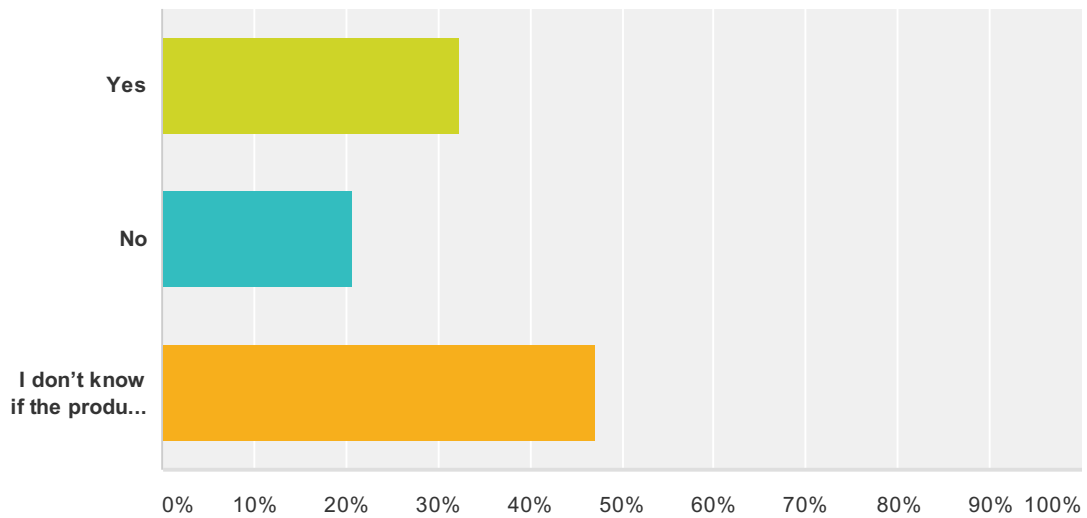


Answer Choices	Responses	
Yes	58.71%	91
No	29.68%	46
My favourite luxury brand produces sustainable products or services.	11.61%	18
Total		155

#	Other	Date
1	I believe most of the luxury items works better or last longer than a regular brand, that's how I consider luxury items are sustainable	4/25/2014 4:19 AM
2	Loyalty to the favorite luxury brand is too strong and is not based on its sustainability. The service around the brand however can easily impact this loyalty and hence the purchase decisions.	4/24/2014 11:31 AM
3	I do not believe that purchases of any kind are made with sustainability issues in mind. Nor consciously that is. This does not mean that one would sneer at the concept of sustainability, it is just not necessarily in the forefront when the act of buying takes place.	4/24/2014 10:48 AM

Q14 In the past 12 months have you bought a sustainable luxury product?

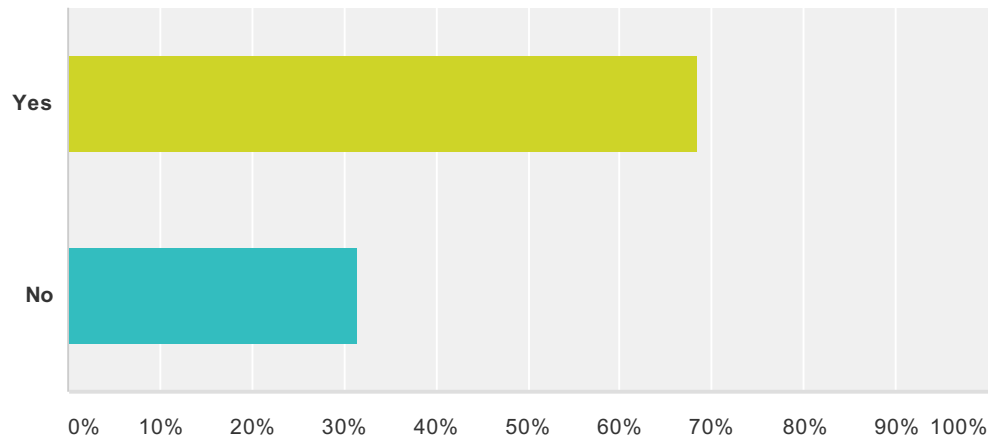
Answered: 155 Skipped: 6



Answer Choices	Responses	
Yes	32.26%	50
No	20.65%	32
I don't know if the product I bought was produced in a sustainable way.	47.10%	73
Total		155

Q15 Would you say that luxury products or services need an independent label to proof its sustainable management?

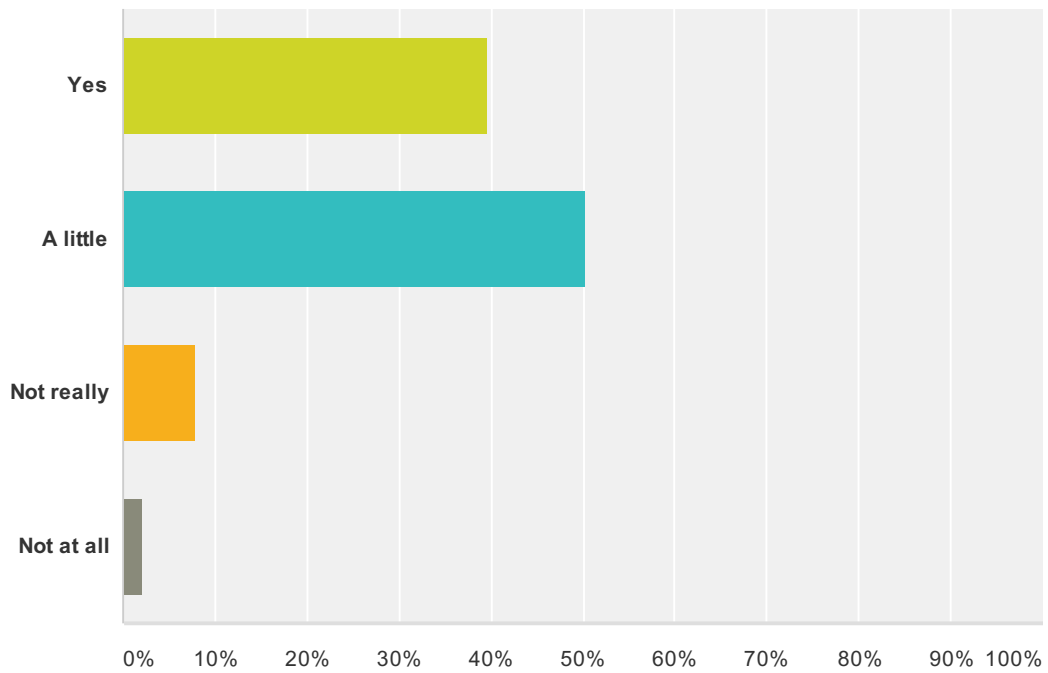
Answered: 155 Skipped: 6



Answer Choices	Responses	
Yes	68.39%	106
No	31.61%	49
Total		155

Q16 In general, would you say that you are sensitive about sustainability?

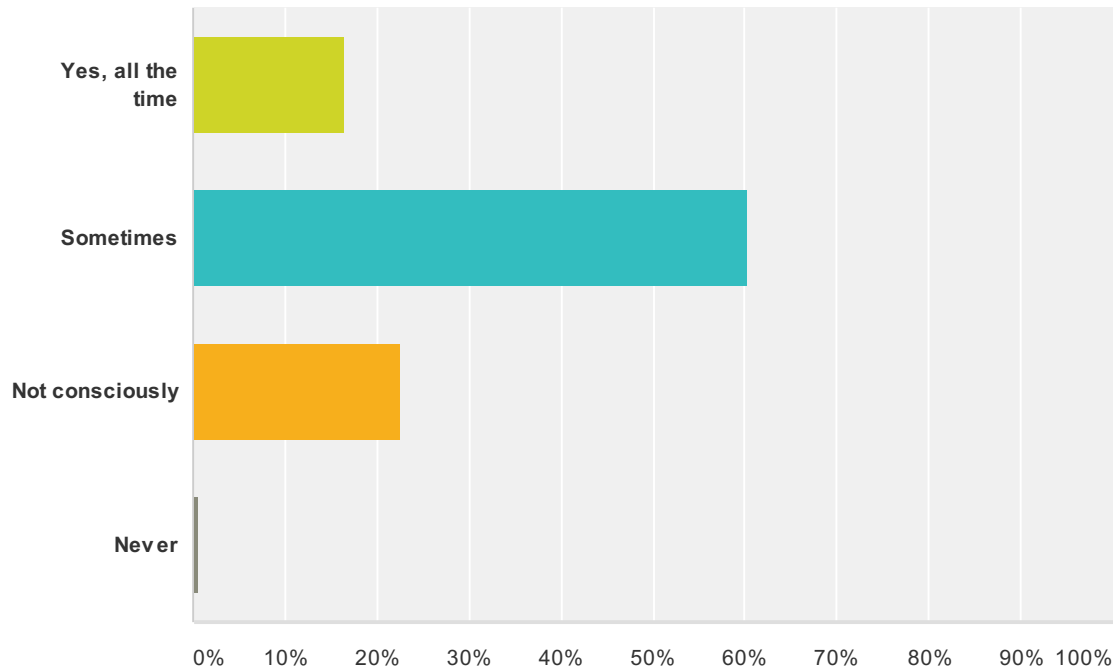
Answered: 151 Skipped: 10



Answer Choices	Responses	
Yes	39.74%	60
A little	50.33%	76
Not really	7.95%	12
Not at all	1.99%	3
Total		151

Q17 In the past 12 months, have you bought any sustainable products (regardless of the industry)?

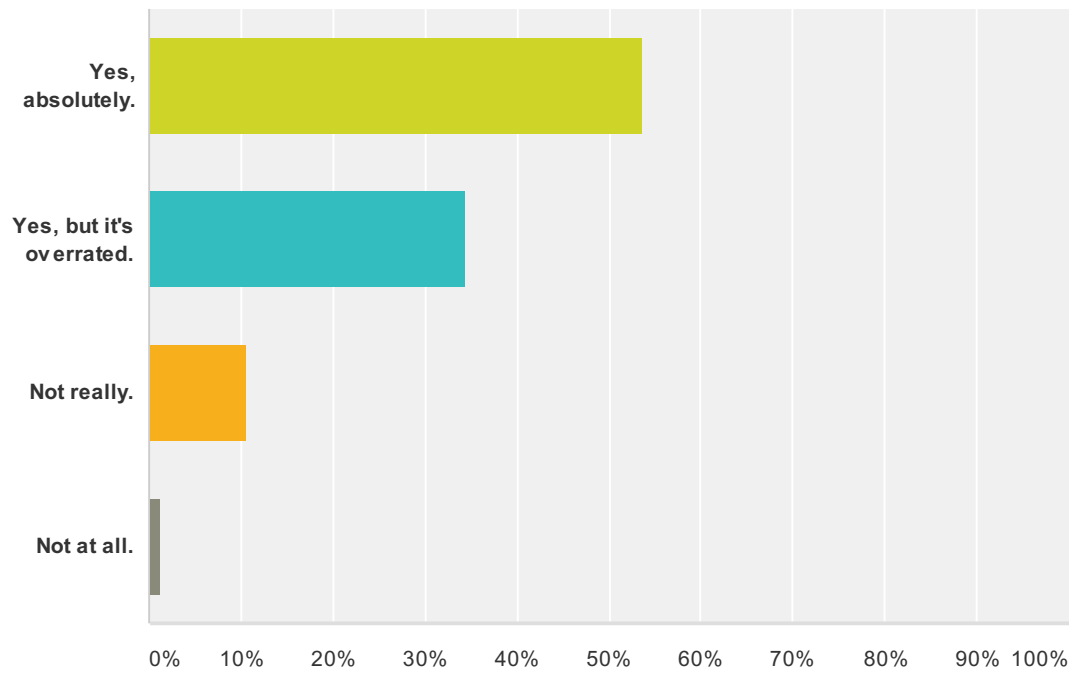
Answered: 151 Skipped: 10



Answer Choices	Responses	
Yes, all the time	16.56%	25
Sometimes	60.26%	91
Not consciously	22.52%	34
Never	0.66%	1
Total		151

Q18 Do you think sustainability in the luxury industry is important?

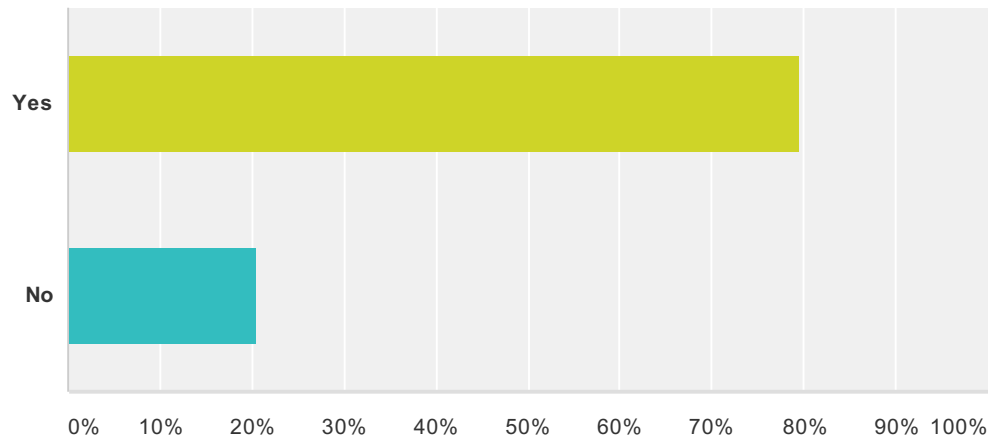
Answered: 151 Skipped: 10



Answer Choices	Responses	
Yes, absolutely.	53.64%	81
Yes, but it's overrated.	34.44%	52
Not really.	10.60%	16
Not at all.	1.32%	2
Total		151

Q19 Would you like to be more informed about its sustainability when buying a luxury product or service?

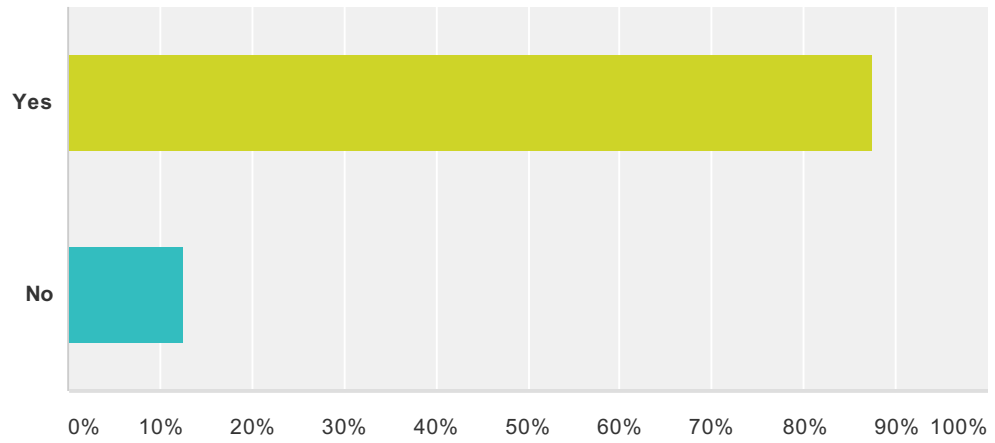
Answered: 151 Skipped: 10



Answer Choices	Responses	
Yes	79.47%	120
No	20.53%	31
Total		151

Q20 Do you think that luxury and sustainability fit together?

Answered: 151 Skipped: 10



Answer Choices	Responses	
Yes	87.42%	132
No	12.58%	19
Total		151

Q21 Would you like to add any comments?

Answered: 25 Skipped: 136

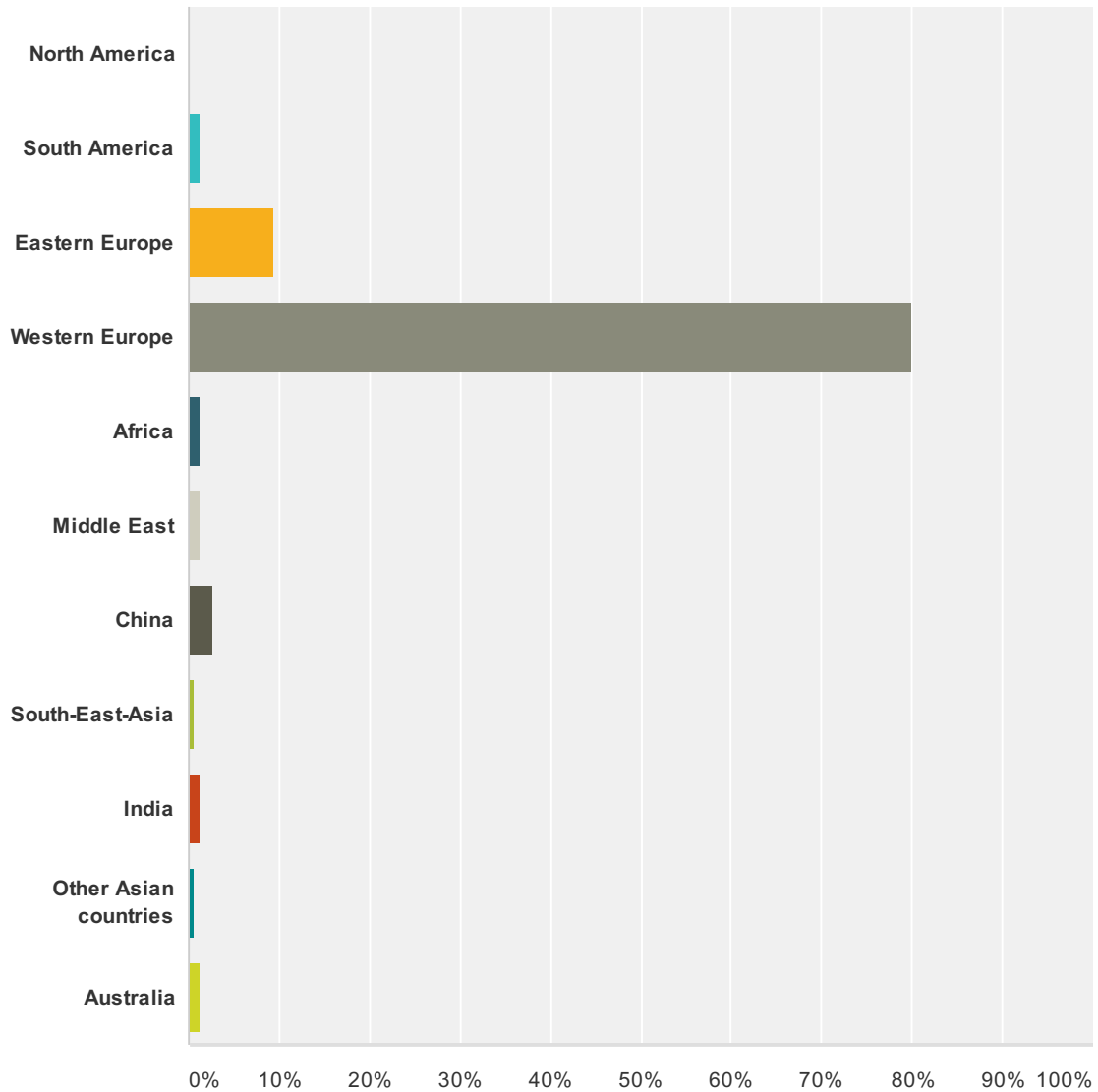
#	Responses	Date
1	Esther, good questionnaire, all the best, Xavier	5/8/2014 12:56 PM
2	Great Survey! ;-)	5/1/2014 9:29 PM
3	I really like the idea of bringing luxury and sustainability together as sustainability is a important issue to me! furthermore i would say if the ones who can achieve a luxury product won't think about sustainability who will..as sustainability has its price	4/30/2014 9:17 PM
4	Sustainability is the biggest challenge we will have to face in the future. The destiny of our planet depends on it. And why not starting in the luxury sector, since many luxury products are the dream of consumers who haven't got the money and could be a positive model. A great challenge for environmental education concerning sustainability. I'd love to engage in that, since sustainability is the main topic in my Master Subject ("Umwelt und Bildung", Rostock University)	4/30/2014 11:43 AM
5	it would be great to unit luxury and sustainability	4/30/2014 9:46 AM
6	Le terrible accident qui a eu lieu au Bangladesh démontre que certaines marques pourtant très pro-actives en matière de communication DD, ne se préoccupent pas des conditions de travail de la chaîne de production. A mon sens et pour le moment, les marques de luxe communiquent sur DD par obligation. Enfin, nous avons constaté la difficulté de maîtriser l'efficacité des alternatives DD sur l'environnement : le cuir végétal par exemple pollue presque autant que le cuir naturel, quant aux carburants bio dans un autre domaine que le luxe, sont 10% plus polluants que le pétrole (une étude scientifique américaine vient de le démontrer la semaine dernière).	4/29/2014 4:03 PM
7	Sustainability is not the first thing I think about when buying luxury. If it is obvious that it is not sustainable - endangered species, blood diamonds, etc.- I would be put off, but I will not actively ask if the gold mine is sustainable. Being an exceptional product a luxury item allows for beding some of my attention to sustainability. I am more concious for day to day purchases.	4/28/2014 9:09 PM
8	No	4/28/2014 5:00 PM
9	Luxury must have a sustainability with continuous innovative ideas	4/28/2014 11:26 AM
10	The Definition of luxury is much more complicated than having high Price / heritage and low production per unit Ratio. Price: I.e. I can participate in a vintage Rally in France where a lot of People will start with old Bentley's, Jaguar's etc. If I drive a restored Alfa from the sixties that exists only twice in France and maybe add a bright orange colour, I will be the one owning the most luxurious car on the Rally - it is not only about the Price, but also about having something unique. And that's really priceless - and luxurious. Heritage: Zenvo automotive - started in 2007. One of the most luxurious car brands now. The Definition of heritage Needs to be more clear and defined.	4/28/2014 9:14 AM
11	no	4/25/2014 4:36 AM
12	Sustainability is very important, but somehow I would like to keep low profile but high attention to it. Talking too much about it may leads to showing off reflection from other people.	4/25/2014 4:22 AM
13	Personally, I feel that in the luxury segment or ultra luxury segment, sustainability becomes secondary to not important.	4/24/2014 9:55 PM
14	The rich can afford to choose sustainability and the additional costs associated with it. It's a responsibility to choose sustainable products and encourage artisan craftsmanship and knowledge as well.	4/24/2014 2:36 PM
15	Sustainability and Luxury are still incompatible as of today but it could change. One is designed to prevent resource shortages whereas the other is designed to find ultimate/finest resource.... Ivory example applies...	4/24/2014 2:28 PM
16	Luxury is a purely subjective personal and emotional perception based on excellent marketing suggesting limitation of a high end product.	4/24/2014 12:48 PM
17	-	4/24/2014 12:32 PM

Master in luxury management

18	I think words LUXURY and SUSTAINABILITY fit together, but at the moment LUXURY is more connected with WASTING OF RESOURCES	4/24/2014 12:18 PM
19	I believe that sustainability should be a big part of why luxury goods are so expensive and I believe that some of them are already. However, and that's why "No" was my most common answer in the previous series of question, this is not the case with a lot of luxury goods.	4/24/2014 12:15 PM
20	Luxury is not synonymous with sustainability. The concept of sustainability should be present in all material decisions and products.	4/24/2014 10:52 AM
21	Brands will soon be less and less able to afford to produce without sustainable methods/products.	4/24/2014 10:37 AM
22	For me luxury is related to top quality. I rather buy less but luxury and of excellent quality. So I guess this behavior rather supports sustainability. Also the products last much longer, so no need to buy always new., i.e. I have invested a lot of my money into B&O Home Entertainment Systems all over my private residence. It was very expensive and it is a luxury brand. The TV is now some 10 years old and it is not a flat TV. However, I am not going to change it because it is still functioning well and in fact it is also becoming a design masterpiece, same with the CD system etc. So buying luxury can be very sustainable.	4/24/2014 10:31 AM
23	Buying a luxury product for me is a one off. So it's sustainability is not such an important consideration as I am not buying luxury products/services routinely. If I was then I would consider sustainability more as the impact would be greater. Good luck with your Thesis!	4/24/2014 10:31 AM
24	no	4/24/2014 10:27 AM
25	If I buy for example the latest Ferrari or Aston Martin : It is a luxury product, exclusive, rare, expensive. It is probably built in in sustainable corporate and social culture, trying to use renewable materials etc....However, those cars still consume enormous amounts of petrol, of tyres etc etc.. therefore, not at all sustainable! Henceforth, I think that the kick to buy a luxury product is much more emotional despite the fact that sustainability is part of the equation.	4/24/2014 10:02 AM

Q22 Please assign your nationality to one of the following regions.

Answered: 149 Skipped: 12



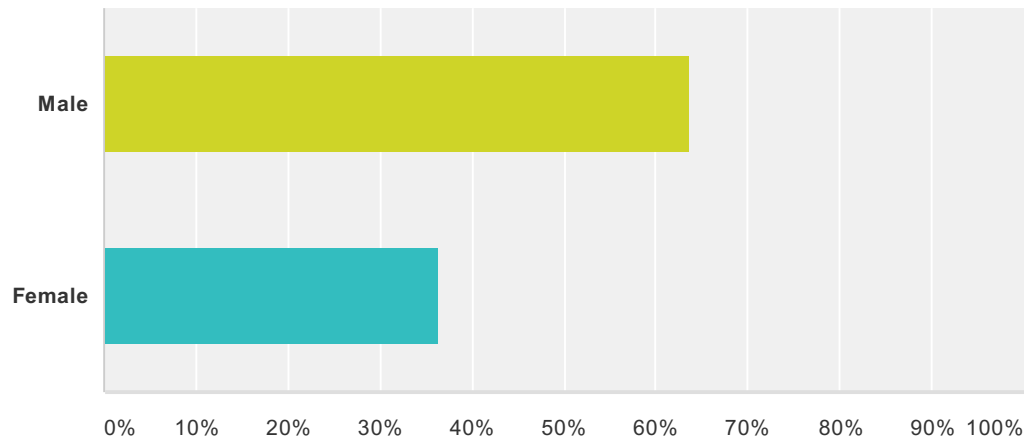
Answer Choices	Responses
North America	0.00% 0
South America	1.34% 2
Eastern Europe	9.40% 14
Western Europe	79.87% 119
Africa	1.34% 2
Middle East	1.34% 2
China	2.68% 4
South-East-Asia	0.67% 1
India	1.34% 2

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Other Asian countries	0.67%	1
Australia	1.34%	2
Total		149

Q24 What is your gender

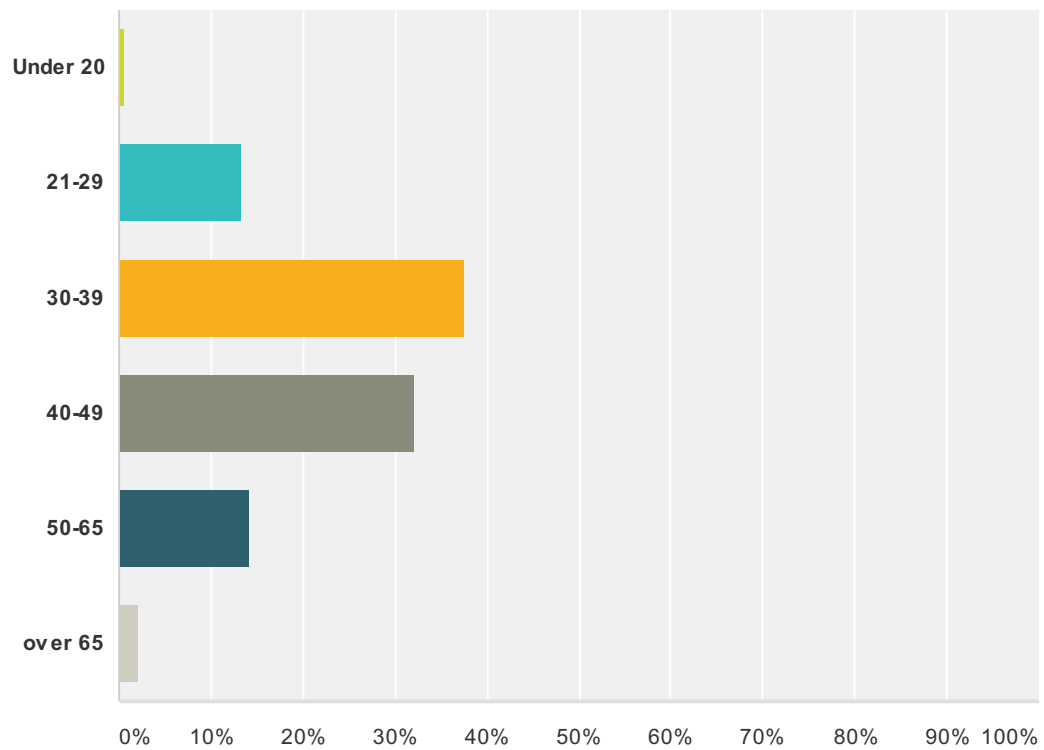
Answered: 149 Skipped: 12



Answer Choices	Responses	
Male	63.76%	95
Female	36.24%	54
Total		149

Q25 What is your age?

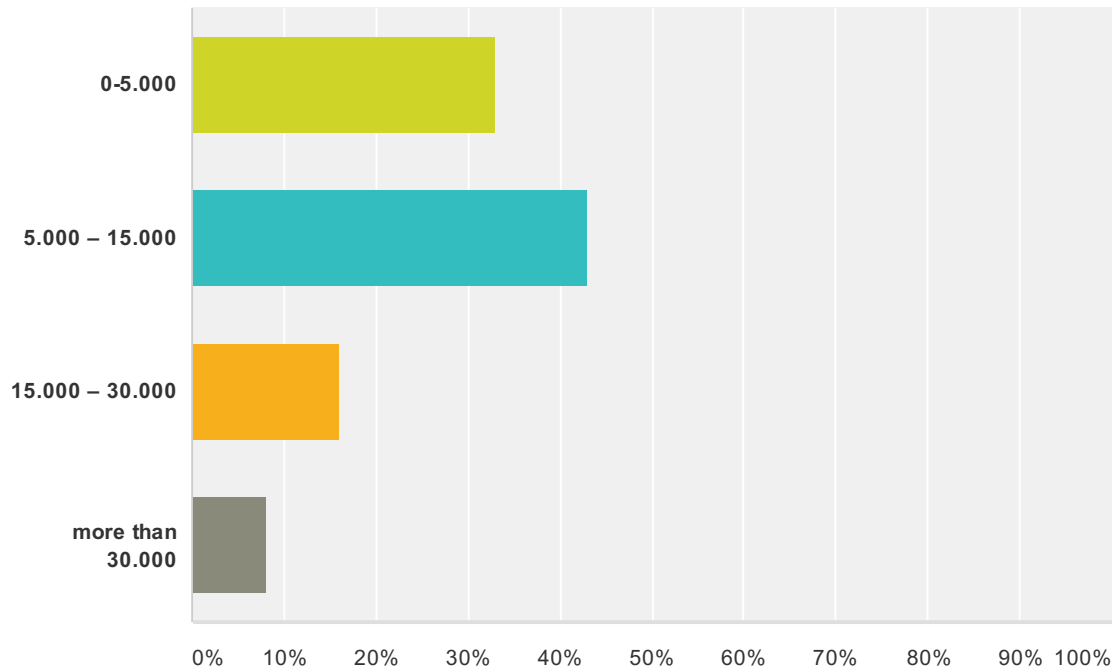
Answered: 149 Skipped: 12



Answer Choices	Responses
Under 20	0.67% 1
21-29	13.42% 20
30-39	37.58% 56
40-49	32.21% 48
50-65	14.09% 21
over 65	2.01% 3
Total	149

Q26 On an annual basis and in Euros, how much do you spend on luxury products or services?

Answered: 149 Skipped: 12



Answer Choices	Responses	
0-5.000	32.89%	49
5.000 – 15.000	42.95%	64
15.000 – 30.000	16.11%	24
more than 30.000	8.05%	12
Total		149